Clothing Canada's Armies (page 13)

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Be Sure to Read

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The Nation's Business

Choosing Tory Chieftain Interests All Canada

The National Conservative party is faced with the early necessity of selecting a new leader. Many names are being suggested, in nearly every case names that were previously considered. Many of the names are those of rather uninspiring, routine political craftsmen. No name yet suggested burns like a beacon in the dark.

Selection of an outstanding, forceful man of great leadership powers is a matter of interest to all Canada. The new Conservative chieftain will occupy a position transcending in importance the leadership of a political party.

He will be expected to be the No. 1 constructive critic of Canada's war effort, supporting the nation in an all-out effort by spurring on a sometimes too complacent government.

There is a good chance that he will be the next Prime Minister of this Dominion, leading it through the more difficult of the post-war years.

* * *

The effective functioning of our democracy depends upon the setting up a strong alternative government, under commanding leadership.

It may be questioned if such leadership will be found on the floor of a convention. Few of the men who might be strong enough to meet the necessary tests are men who could easily be induced to compete for place and position in a party convention; not unless there had earlier been evidenced a widespread public demand that they offer themselves for the post.

It may be recalled that the Republican party in the United States got its most forceful and able leader in a generation when a group of citizens, representative of all walks of life and in most cases little interested in politics as such, virtually "drafted" Wendell Willkie. At the Chicago convention, when Senator Robert Taft and District Attorney Thomas Dewey were virtually deadlocked, public opinion emerged to demand Willkie and he was selected. Incidentally, while the Willkie choice alienated the die-hard anti-New Dealers in the GOP, it gave the Republican party more votes than it had ever received in any national election. Willkie revived the party after years of slow decay.

* * *

Those members of the Conservative party who are Canadians first and party adherents second should take steps now to see that better than average material is available for choice at the party convention. Educationalists, publicists, scholars, professional men, labor men, agrarian leaders, business men should be holding innumerable private conferences to discuss the party leadership. It is likely that one or two names will emerge in these conversations as satisfying the broad, general requirements. If so, then the persons represented should be strongly urged to give up their present profession or calling to assume the mantle of national leadership, if and when called.

* * *

The qualities demanded of the leader of a great party are many and varied and not easily supplied.

He may not be a first-class political tactician but he should be tactful and diplomatic, and above all able to carry the public with him by honest, energetic leadership.

He should preferably have had broad experience in administration because more and more the management of the nation's business is becoming a task of effective co-ordination and direction.

He must have his heart and soul in the pursuit of victory in the war, yet he must not be afraid to criticize weaknesses in our national effort.

He must have plenty of courage. We have suffered more from lack of courage in our political leaders than from any one cause. Most of them have sought to gauge public opinion and adopt "popular" policies.

He should not shackle himself from the first day by unconditional promises not to do this or that. On two of the major issues in Canada today—conscription and the railway problem—both parties are helpless because they have bound themselves by foolish, shortsighted promises.

He must have vision to recognize the underlying trends in the development of modern society, for most assuredly the war will bring about changes in social and economic thinking that will have to be recognized and adapted to practical use.

Above all, he should have a clear-sighted vision of the Canada that can be, for this country will require an enormous expansion in population after the war; it will have to import additional enterprise and skill to beat our industrial swords into the tools of peace; it will have to assume far-reaching responsibilities in the achievement of a new world order based upon co-operation between the nations.

Such qualifications set a high standard. But nothing less will suffice for the leadership of a party that is as important a factor in national well-being as the Conservative party.

* * *

"PATROL WAGON" CURE FOR COAL STRIKE

The "slow-down" in the Nova Scotia coal mines threatens to be but the prelude to a general strike. And this in the face of a serious coal shortage that almost inevitably means that many Canadian homes will be cold next winter.

Here, indeed, is a spot where the firmness of the Government's labor policy is being crucially tested.

There is no dispute between Dominion Coal Corporation and its employees.

The coal miners' union has disowned the "slow-down" operations.

The illegal stoppage and lessening of coal production in Nova Scotia are the product of undercover activities of disloyal individuals. The overworked word "subversive" is clearly applicable here. The coal mining industry has been declared an "essential" industry within the meaning of the War Measures Act, and indeed it is. Canadian coal is needed to turn the wheels of war factories and to conserve American exchange. The production achieved throughout the summer months, when coal can be moved to Quebec and Ontario, is the most vital production of all. In the face of these facts, treasonable leaders preach the sabotage of production, as though there were involved some fundamental feud between the "boss" and the working gangs.

In the opinion of a very well informed authority, all that is needed to stop the illegal hampering of production in the Nova Scotia mines is "one patrol wagon."

The Department of Justice must know the names of the Communist-minded leaders of the slow-down. But Ottawa takes no firm, final action. It contents itself with platitudinous pleas to the men to speed up.

Coal tonnage is desperately needed. Anyone who interferes with full-out production is a traitor to Canada. He is sabotaging the war effort and is deserving of no sympathy. Ottawa should lock up the ringleaders for the duration and let willing workers get on with the job of winning the war.

Sell a Third Lead Output To States

Price Expected to Approximate Present Canadian Domestic Price, it is Stated

By STAFF WRITER

OTTAWA. — Announcement will be made shortly of the sale by Canada to the United States of possibly 70,000 tons of lead. This would be more than one third of the prewar Canadian production.

The sale will be handled directly between the Canadian vendor, Consolidated Mining & Smelting Co., and Metal Reserves Co., the official U. S. Government purchasing agency.

Price at which the transaction will be effected will probably approximate the present Canadian price.

At present there are virtually four different prices for lead. The lowest price is the export price which U. K. is paying for its purchases in Canada. Next is the "net" price to Canadian producers of lead shipped to the U. S. across the high tariff barrier. The third price is the Canadian domestic price, and the fourth and highest prices is the U. S. domestic quotation.

At Canadian Price

It is expected that the deal, when completed, will go through at something close to the present Canadian domestic price.

The U. S. is also purchasing lead from Peru and Mexico as well as Canada.

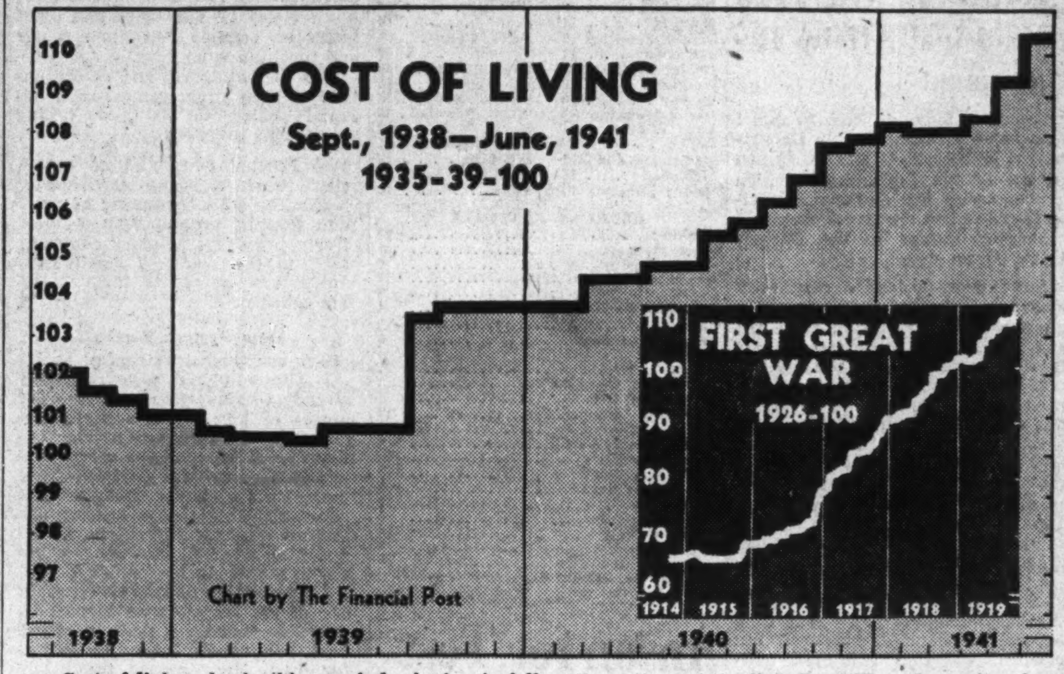
If imports from other countries had not been involved, the Canadian sale would probably have been made through War Supplies Ltd., the Canadian buying company set up to handle Canada-U. S. transactions made possible as a result of the Hyde Park pact, rather than direct with "Smelters."

Other metal sales to the U. S. may also be negotiated but the amounts involved will not be anything like the present lead deal.

Spend Million To Link Power

Confirming the story carried by The Financial Post three weeks ago, Aluminum Co. of Canada officially announces it will undertake construction of a 115,000 volt underground transmission line connecting the Atwater substation of Montreal Light, Heat & Power Consolidated to the Shawinigan Water and Power substation in the east end of the island of Montreal. The cable, terminal facilities, etc., will cost $1 million.

The cable will use all bits of power available at odd times, known as "off peak" power. In this way there will be an interchange of power as between the Montreal Power, Shawinigan and Aluminum Power systems, thereby making available an increased supply of 80,000 h.p. to Arvida, Que., for aluminum production.



Cost of living rise in this war is beginning to follow the pattern of the first Great War. A quarter of a century ago the rise was gradual during the first two years of the conflict, then the real climb began. For a year before this war started living costs actually declined and then for many months showed little change. Only in recent weeks has the upward trend become pronounced. Both charts are based on the official Dominion Bureau of Statistics indices, but the actual bases, it should be noted, are not the same.

Bomber Deal Now Spiked

Big Project to Produce Liberators in Canada Officially Shelved

From Our Own Correspondent

OTTAWA.—Shelving of the big project to produce Consolidated Liberator four-engine bombers in Canada has been officially confirmed, but real reasons for calling off the deal have yet to be revealed.

Previously the plan was reported to have been ratified by both British and Canadian aircraft authorities, and to have reached the stage of final negotiations with Consolidated Aircraft Corp. of San Diego. Production was to be undertaken by Canadian Car & Foundry Co. at its Fort William plant, under license from Consolidated for Canadian manufacturing rights.

Various Reasons Cited

Factors which led to dropping of the project are semi-officially cited as follows in Government and aircraft circles:

1. The Government was unwilling to commit itself to the heavy cost which, it developed, would be involved in production of the large bomber in Canada.

2. Canadian aircraft production officials concluded that Canada would be attempting a too ambitious and expansive bomber programme if the Consolidated Liberator job was taken on. Already under way are new projects to turn out Consolidated Catalina flying boats and Martin B-26 bombers.

3. Consolidated Aircraft is said to have called off the deal after deciding to make the planes involved in its own plants, rather than farming out the projected orders to Cana-

(Continued on page 2, col. 8)

New Basis of Paying Wage Bonus is Set

By STAFF WRITER

OTTAWA.—Announcement that the Government aims to make the cost-of-living bonus mandatory, for all wage-earners in war industries covered by the Industrial Disputes Investigation Act, has brought a flood of enquiries as to the force of the new order.

Three questions have been asked especially:

Should the bonus apply to salaried workers?
Is the bonus subject to national defense tax?
What about part-time employees?

It can be stated definitely that the cost-of-living bonus when paid is definitely subject to national defense tax.

As to part-time employees, the interpretation given by officials is that the bonus of 25 cents per week, payable with each 1% rise in the official D.B.S. cost-of-living index, is for full-time work. Wherever a worker is employed only part-time, his bonus should be applied proportionately.

Where the line should be drawn as between salaried and wage-earning employees is not so clear. Under the regulations all "manual or clerical" workers are included. Thus legally both wage and salaried employees are eligible.

The more or less official opinion obtainable here is that it would be unfair to draw the line strictly between plant and office workers. In many instances the plant worker is receiving a higher weekly wage than the clerical worker in the office. It is felt, however, that a line should be drawn as between salaried persons on routine clerical work and those with executive functions.

The Government's official position is still far from clear. It approved payment of the bonus to all railway union members (including those drawing $4,000 to $6,000 a year). Yet because clerical railway workers were not included in the application, they do not as yet qualify.

One important change in the new amendments to P.C. 7440 is the stipulation that cost-of-living bonuses shall be based on the increase in cost of living as measured by the official D.B.S. index for the Dominion as a whole. When 7440 was introduced last December it was provided that there might be adjustments for "regional requirements."

Studies by D. B. S. officials covering eight key cities disclosed variations were not serious enough to warrant the complications of adjustment.

The amendments to P.C. 7440, as provided in a new order-in-council (No. 4643), aim to extend 7440 by making the payment of a cost-of-living bonus mandatory in all war industries. The Government has also attempted to clarify what basic wage rates are considered "fair and reasonable," by inserting a new clause defining the principle on which the cost-of-living bonus is

(Continued on page 2, col. 5)

"Bits Blitz" Expands War Supply Output

Work Being Spread to Swell Capacity, Speed Production, and Save Millions in Outlay for New Plants

By K. R. WILSON,
Staff Writer, The Financial Post

OTTAWA.—A "bits blitz" has been started to break war supply bottlenecks, spread output into thousands of small plants across Canada, and save millions of dollars in new plant expenditure.

Men who direct Canada's $1.8 billion war supply programme are now rounding into shape a nationwide "bits and pieces" plan of production. The like of it has never been attempted in the country before.

Expected results when the scheme gets fully underway:

1. The country's effective machine tool capacity can be doubled.
2. Construction of scores of new buildings, otherwise required to increase production, will be unnecessary.
3. Output of planes, guns, ships and other armaments will be expanded and speeded.

Same as in U.K., U.S.

A similar programme is already working miracles in Britain. Early experience in Canada suggests that with the co-operation of manufacturers, equally spectacular results can be obtained here. The same thing is being done in the United States.

Driving force in the Canadian programme is Harry J. Carmichael, Director-General of Munitions Production in the Department of Munitions & Supply. This week F. L. Jeckell, formerly executive assistant to R. P. Bell, Director-General of Aircraft Production, was named to co-ordinate the "bits blitz" across Canada for the Supply Department.

Survey Paves Way

A nation-wide survey of plant capacity and production has been made jointly by the Canadian Manufacturers' Association and the Canadian Chamber of Commerce. The results of this survey are now being tabulated. They will be kept "live" through some 50 zone chairmen and committees appointed by these associations, as well as by Government officials at Toronto, Montreal, Vancouver, Winnipeg and in eastern Canada.

At the same time some of the biggest "unit" industries — pulp and paper, mining, public utilities and oil refining — have organized to extend the "bits and pieces" programme into their own supply and maintenance shops.

The pulp and paper industry has formed its own Wartime Machine Shop Board under R. L. Weldon, president of the Bathurst Power & Paper Company. In three months it has turned out $400,000 of war production of the "bottleneck" type in

(Continued on page 2, col. 5)

See More Tea But Prices Up

Recent Import Averts Fall Famine — Dollar a Pound Soon?

By B. T. HUSTON
Editor, Canadian Grocer

For several weeks importers have been worrying about tea supplies. The outlook today, however, looks considerably brighter. Until about ten days ago when a tea cargo reached an Atlantic Canadian port, Canada had enough tea to last only until September. While wholesale importers were unable to get as much volume as wanted the recent cargo averts fears of an early shortage.

There is no definite word from the Far East as to recent shipments, but it is believed that one or more cargoes have left Indian and Ceylon ports this month. It requires three or four months for the tea to reach Canada via the Cape of Good Hope.

Several weeks ago in Canadian Grocer I suggested that when President Roosevelt announced that the Indian Ocean was to be a non-combatant zone, American ships carrying munitions to that area, might bring back tea and other food products. Ottawa officially announced the other day that this was now a prospect. Naturally such a development will further relieve the situation.

Ottawa has not relented in so far as imports of non-sterling black teas from Java and Sumatra are concerned. Under the terms of the recent budget only such tea as was in transit at the time would be permitted entry unless paid for in sterling. There was a lot of tea on order when the ruling was announced and this has been prohibited. Apparently the Dutch East Indies doesn't want any more sterling than it is getting from Great Britain and Australia so this source of supply is still cut off.

In view of advances in the primary tea markets over a period of months, plus increased war risk insurance and freights, it is reported that the cheapest tea in Canada will soon cost consumers around a dollar a pound. At present the lowest price for a common tea in India is about 44 cents per lb. Duties and special taxes add 18½ cents and in addition there is insurance, freight and wholesaler and retailer profit. Should such teas go up another 4 or 5 cents the consumer price in Canada won't be far from the $1 mark.

Shawinigan Has Rubber Substitute

Subsidiary to Erect Plant For Production of Polyvinylchloride

From Our Own Correspondent

MONTREAL.—Shawinigan Chemicals Ltd., wholly owned subsidiary of Shawinigan Water and Power Co., is understood to be preparing plans for the erection of a plant for the manufacture of polyvinylchloride. This is a chemical substance which now finds its greatest use in the covering of cable, especially degaussing cables for submarine protection, gaskets, and airplane parts. It is acid and water resisting and of much less bulk than rubber. In peacetime it finds many more uses as a resinous plastic.

At present this product is not manufactured in Canada. In United States the demand is such that manufacturing facilities are taxed to capacity. Determination to produce the product in Canada arises from that fact that all the ingredients needed are to be had in large quantities in or near Shawinigan Falls. A large amount of special equipment is needed and the new plant is expected to be in operation some time early in 1942.

The War And Business . . A Weekly Round-up

Coal Strike Feared

Close observers of the Cape Breton coal situation doubt a strike can be avoided.

Latest development is the summoning of 15 men to trial by the District 26 executive of the United Mine Workers, to decide whether they should be expelled from the union.

If perhaps half as many as this had been given more summary treatment earlier it is probable that the whole situation could have been handled more easily.

The Government declared the mines an essential war industry June 6, but has not taken any action as yet to enforce its authority.

* * *

The British plan for getting long hours out of coal miners in the war emergency is effective but costly. The British coal miner gets a continuous working bonus. It amounts to a shilling a day for working the maximum number of hours a week.

Some such plan may finally have to be adopted in Canada. Until now it has been especially important to keep costs down. But with the U. S. "bottomless" pit showing signs of closing up due to defense needs, rising costs, etc., the cost factors in Canadian production may show radical change.

* * *

Boom in Boards

Figures on the swelling demand for conciliation boards under the Industrial Disputes Investigation Act show:

In the five-year period, 1935-39, there were 30 applications and 10 boards appointed.

During 1940 there were 66 applications and 33 boards.

For the first six months of 1941 there were 89 applications and 41 boards named.

* * *

Bonus Deal Off?

Making the cost-of-living bonus mandatory for all war industries will likely mean the end of the schemes set up for western Canada coal miners. A bonus plan was started in Saskatchewan on start of the war in 1939, in Alberta and B.C. last year.

The latter deal with the United Mine Workers called for fixed wage rates for the duration of the war and for one year thereafter, plus flat rate bonuses depending on the rise and fall in living costs. The bonus was figured on a weekly budget of $12 a week, and excluded allowance for tax increases.

Now that everyone else in Canada is apparently entitled to a bonus based on a weekly wage of $25 the western agreement can't be long maintained, it is anticipated.

* * *

Living Costs and Taxes

Incidentally there is a sharp difference of opinion among Government officials as to the effect of taxes on the cost of living.

Those who support the nationwide bonus which is now Canada's "official" wartime wage policy contend that D.B.S. figures on which the living cost index is based are not greatly affected by taxation jumps.

But this is contradicted by the actual calculations in the case of the western coal agreement. On a $12 budget the increase in living costs to date has been about $1.09 or $1.10. When allowance is made for the rise due to higher taxes the figures drop to 90 or 91 cents. In short, there is a 20% differential due to higher taxes.

* * *

The First Billion

The total of Canadian financial assistance to Britain is reaching high figures. Apart from British goods sent to Canada, which have given the United Kingdom dollars to spend here, Britain has needed a billion dollars to cover her purchases here. About a quarter of this had been covered by gold. But gold shipments were a minor phenomenon of the early days of the war and they stopped early last December. And in any event, Canada has shipped more than that amount of gold to the United States to buy raw materials needed on British account.

The remaining three quarters of a billion dollars needed by Britain to finance her purchases here have been supplied by Canada, either through repatriation or by the Canadian purchase of sterling, which is Canada's form of "Lease-Lend" aid to the Mother Country.

* * *

U. S.-Nazi Showdown

Well regarded opinion in Washington does not expect a showdown in American-Nazi relations before fall, barring, of course, an utterly reckless move on the part of Hitler. By autumn the United States will have an army of almost 1.5 million men with practically one full year of training behind them. This army now, it is reported, is well drilled but lacks modern equipment, especially in the way of tanks and planes. By September, however, a big start will have been made in providing such equipment as factories to produce it are practically all built or rapidly nearing completion.

It is regarded as significant that U. S. Chief of Army Staff Marshall asked the American Government last week to remove existing restrictions on the use of the American army outside the Western Hemisphere and also to extend, indefinitely, the present compulsory year's service in the army.

* * *

Latest on War Effort!

Current official summary of Canada's war effort to date brings out the following facts:

Army: Active force, 220,000 of whom 70,000 are in U. K. Reserve force, 170,000.

Navy: 20,000 men and 200 ships.

Air Force: 55,000 men.

Casualties, all branches: About 1,000, of whom 660 were killed and 141 missing.

Munitions: $490 millions invested in new plant.

Shipbuilding: 20,000 workers in 17 major and 45 smaller yards.

Aircraft: 1,500 aircraft delivered; present deliveries, 40 weekly.

Small Arms: In production: Bren guns and rifles.

Guns: In production: 2-pounders, mortars, 25-pounders, AA barrels.

Ammunition: In production: tens of millions of rounds monthly.

Shells: In production: 9 types of shells; aerial bombs, rifle grenades, depth charges and mines.

Army Vehicles: 120,000 produced to date.

Tanks: In production: a heavy infantry tank and a 28-ton cruiser tank.

Textiles: Over $65 millions of orders for uniforms, blankets, tents, etc., from Canadian Government filled to date, in addition to substantial orders for Great Britain and other Empire sources.

Aid to Britain: Enormous quantities of supplies sent over with Canada providing $750 millions of dollars required.

War spending: to exceed $2 billions this year.

Labor: 350,000 additional men absorbed.

* * *

Tank Progress

Official estimate that Canadian tank production will soon reach 200 monthly implies a very marked spurt in production in forthcoming weeks. At present that is little indication of such early volume.

Two models, the infantry tank, being manufactured at the Angus shops of Canadian Pacific Railway Co., and the M-3 cruiser tank, being made by Montreal Locomotive, have received official blessing. Mass output, however, seems far from realization.

It is understood only a few of the infantry tanks have come out of the Angus shops, but production is expected to gain steadily. Quantity production of the cruiser tanks seems farther off. The cruiser model presented to the Minister of Defense at the Montreal ceremony on June 30 was a pilot model, assembled largely from parts imported from U. S. manufacturers.

* * *

Milestones.

Douglas Lorimer of Montreal appointed chemical controller to "assure supply of chemicals for war needs." . . . British shipping losses of 329,000 tons in June lowest for any month since January and more than 100,000 below monthly average this year. . . . Sunday and evening gasoline sale prohibited in Canada. . . . Primarily to conserve the zinc oxide pigments used in the coloring matter, but also due to the larger size from rubber, the manufacturer of white wall automobile tires is now prohibited in Canada except under special license. . . .

Voluntary Gas Cut Seen First Step Only

Canada's official drive to halve civilian use of gasoline and oil depends chiefly, for the time being, on voluntary reduction for its success. But a definite scheme of rationing is not likely to be delayed more than a few months. And before rationing becomes effective, two other steps are likely to be taken: fixing of wholesale and retail prices by zones, and standardization of gasoline in two grades.

Aims at 50% Cut

This week Oil Controller Cottrelle has come out with his long forecast move to cut Canada's gasoline consumption. It is to be a semi-voluntary proposition with its objective a 50% reduction in gasoline use. While publicity issued from Ottawa makes it appear that only "non-essential" use of gasoline should be cut, the advertisement appearing in The Post makes no such discrimination. "Every motorist" is called upon to cut his gasoline use by 50%.

These actions have an obvious investment angle. Public interest in such companies as Imperial Oil, B. A. Oil, McColl-Frontenac and others is very wide in Canada. Holders of these shares are justifiably wondering what the effect may be on their investment.

By no stretch of the imagination can a programme to restrict use of petroleum products be regarded as favorable to oil refiners or producers. It is expected, however, that a good rate of operations for oil refiners is likely to continue to prevail. The determining factor will be the amount of crude oil that can be brought to Canada.

Retail Price Up a Cent

Partially offsetting the new restrictions is the immediate cent a gallon increase in retail price of gasoline and other "white" products which goes quite a way toward equalizing higher crude oil and operating costs. There is prospect that further increases will come along to counterbalance costs. There is also every likelihood that standardization on two grades of gas and strict price control will be enforced as soon as technical difficulties can be surmounted.

Some Criticism

Not all oil companies questioned about the new regulations were 100% behind them as they now stand. Some, for example, strongly

(Continued on page 4, col. 7)

at EATON'S

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THE T. EATON Co LIMITED
TORONTO CANADA

Asbestos Corp. Business Down

European Markets Lost But U. S. Demand Growing Steadily

From Our Own Correspondent

MONTREAL. — Shipments of Asbestos Corp. in the current year are running below the same period last year.

The decline is due to loss of the entire European market and curtailed exports to the United Kingdom. In the first half of 1940 shipments to Europe, particularly France, were on a high level. Comparison with this period is therefore particularly unfavorable. Shipments to Great Britain are restricted because of the shortage of ocean tonnage.

The one bright spot in the picture for Asbestos Corp. is increasing exports to the United States. As the vast armament programme there gains momentum exports are increasing, and prospects for the remainder of the year are better.

New Firm Carries On For Mara & McCarthy

The stock brokerage firm of Mara & McCarthy, Toronto, will be dissolved by mutual consent on Aug. 2, 1941, it is announced.

The business will be carried on by a new partnership under the name of Stanton, Hatch & McCarthy, it is announced. The new partnership will include H. G. Stanton, H. William Hatch, D'Alton McCarthy and S. C. Hetherington.

SCHOOLS AND COLLEGES

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Calendar on Request

REV. C. R. CARSCALLEN, M.A., D.D.
PRINCIPAL

Reduced Coal Output Persists

Pressure Exerted to Boost Production in Cape Breton Collieries

From Our Own Correspondent

MONTREAL. — Production curtailment continues to rule in the Cape Breton coal mines despite the effort of Silby Barrett, acting head of the United Mine Workers, District No. 26, to have all mines return immediately to full production.

Normally, the collieries of Dominion Coal Co. produce around 20,000 tons a day. At the end of last week production had dropped to 10,236 tons a day.

A special committee named by the "outlaw" district convention of the U. M. W. said full production would be resumed when the entire district executive of the U. M. W. is removed and a "decent living wage" is granted workers.

Union Takes Stand

Union leaders showed no signs of resigning and some 20 leaders in the "rebel" gatherings have been charged with violating the U. M. W. constitution by attempting to establish a dual union.

Members of the Princess colliery local have endorsed the union's request for full output. Similar action has been taken by the Florence, N. S., local. In addition two locals in North Sydney returned to normal production some time ago.

Will Extend Curb On Power Use

From Our Own Correspondent

MONTREAL.—Further curb on use of power in the Province of Quebec next winter is forecast by H. J. Symington, K.C., Power Controller. There is said to be general agreement on the need to economize on non-industrial consumption.

A recent survey of the Quebec power situation indicated available water storage would have to be used to the full to develop power. In the past week or so, however, the situation in respect to water has changed for the better.

Along these lines James Wilson, president of the Shawinigan Water & Power Co., states the water storage on the St. Maurice River "is little short of normal for this time of the year. The company, he adds, should have no difficulty in meeting all primary power demands. Output of energy on the Shawinigan system this year to date is on a par with 1940.

Obituaries

Dr. Robert G. Jackson, president and general manager, Jackson Foods Ltd., Toronto, aged 83, at Rouge Hills, Ont.

A. J. Thorpe, formerly assistant general controller, Brazilian Traction Co. subsidiaries in Brazil, at Toronto.

W. Allen Carter, of E. L. McLean, insurance brokers, Toronto, at Toronto.

Summerside, P.E.I.

Dominion Securities Corp. has purchased at 96.58 an issue of $50,000 of 3½% 15-year installment debentures of the Town of Summerside. The issue is dated July 15, 1941, and final installment will be paid July 15, 1956.

Supervision Of Windsor Nears End

City's Move is Supported by Ontario Municipal Affairs Department

Windsor's move to end financial supervision by the Ontario Department of Municipal Affairs has gained consent of the Department, which has requested the Ontario Municipal Board to end the arrangement.

Deciding factors in the Department's action were:

1. Windsor, no longer technically in default, has had the right to request end of supervision since the end of 1938. The Department lacks legal basis for opposing the city.

2. Windsor's reorganization plan calls for minimum debt payments less than those the Department would require, and this may lead to financial difficulties for which the Department would be held responsible. The Department cannot enforce adequate provision so long as the city is adhering to the reorganization plan.

3. The present basis of local supervision does not conform to the Department's views regarding necessary financial measures, but permits local councils to make political capital out of refusal of the Department to allow unapproved "social improvement" expenditures.

Pay Increase An Issue

Friction between Windsor and the Department came to a head over Windsor's desire to raise civic employees' pay. The Department refused to confirm the increase without further review. Windsor pay is regarded as above that of similar municipalities, and an increase might start an inflationary spiral in other sections. The city claims that approval of the increase had been previously granted by E. A. Horton, former Deputy Minister of the Department, and R. J. Moore, supervisor for Windsor, neither of whom are now in the service of the Department.

According to the Department the city, although not technically in default, has not levied sufficient annually to retire its debt. A total of $2.3 millions has been paid into sinking fund, and bond interest has been met regularly. But a greater amount would have been paid had the city segregated from its current revenues the amounts paid to it for the sale of tax lands, receipts from housing acquired under the Ontario Housing Act, and principal payments from publicly owned utilities.

The money received from these sources is to a large extent return of capital, the Department contends.

Further steps in the matter appear to rest largely with Windsor council and citizens. Opposition to the removal of supervision has developed within the council and other public bodies, and it is possible that the city itself will take the lead in opposing removal of supervision.

Maritime Lumber Market Widens

Bureau Reports Strong Demand for Dressed Lumber

From Our Own Correspondent

MONTREAL.—Lumber mill capacity in the Maritimes is not sufficient to meet present demand, according to the Maritime Lumber Bureau. Most stocks for central Canada and the United States must be dressed, it is reported, so that milling facilities are being taxed to serve these markets.

Exports of lumber from all Canada to the United States were 46% greater from January to May this year than the same period last year.

Operators are obtaining approximately the same prices for shipments to central Canada as had been paid for United Kingdom shipments. A certain amount of distressed stocks have been coming on the market, but there is no indication of any general weakening of prices.

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Anson for Test Soon to Fly

First Canadian-made Unit Slated for Early Operating Check

From Our Own Correspondent

MONTREAL. — The first Avro Anson airplane produced in Canada will be test flown in the near future, The Financial Post is informed. If the plane proves satisfactory in operation, it is hoped to begin actual regular production of the twin-engined bomber within the next month or two.

One plane has already been assembled at the St. Hubert airport near Montreal by Federal Aircraft Ltd. to prove up engineering. It is said to have been satisfactory to the company's engineers.

The fuselage for the plane came from Federal's Montreal plant early in June and has been completely equipped at the Montreal plant of Canadian Car & Foundry Co.

There are said to be a substantial number of fuselages near completion at contracting plants and sufficient other parts are expected to be on hand soon to permit complete production to get under way. Parts to be procured in the United States are likely to be somewhat slower in coming because of the pressing demand from U. S. aircraft manufacturers. It is hoped, however, that the supply of these will keep pace with the need of assembly contractors.

Needed for Training

The Avro Anson is a twin-engine bomber and reconnaissance craft. It is now generally regarded as a second-line plane, but is of value in training fliers in navigation, bombing and operation of twin-engine bombers.

One of the largest single undertakings of the Department of Munitions and Supply, Federal Aircraft was officially organized July 2 last year.

After getting off to a much-criticized start, Federal was shaken up and placed under new direction. Since then the company has completed the redesigning job, virtually that of building an entirely new plane.

Hydro-Electric Securities Names Three to Board

Col. Allan A. Magee, K.C., A. B. Brody and Donald Forsyth, all of Montreal, were elected directors at the annual meeting of stockholders of Hydro-Electric Securities Corp., filling vacancies on the board.

At a subsequent meeting of directors, J. Stevenson Fry was appointed assistant secretary and assistant treasurer.

Group Formed to Promote Dutch-Canadian Relations

To help create closer commercial ties between Canada and the Netherlands as soon as this is feasible, and pave the way for migration of Dutch citizens to this country, the Netherlands-Canada Society has been organized in Toronto. It plans ultimately to extend its activities across the Dominion.

Members of the new body include Canadians and British as well as Netherlanders who have found refuge here in the last two or three years, and citizens of Dutch descent. President of the Society is Dr. G. A. Boon, Toronto, pre-war president of the Dutch Democratic Party and leading member of the Netherlands House of Commons. Honorary president is J. C. McRuer, K.C., Netherlands consul at Toronto.

The Society aims to facilitate assimilation of Dutch newcomers to Canada, and assist them to get established and adjust themselves to life in a new country. The group will try to help migrants avoid "paying too dearly for new experience," according to an officer of the Society.

Functioning on a purely Canadian, national basis, the Society hopes to become a new and useful link between Canada and European countries. It will seek to extend Canada's knowledge of the Netherlands, in particular its problems, institutions, and the special character of its people.

SEC Calls Hearing On I.H.E.S. Units

Action Under Public Utility Holding Act Is Scheduled for July 29

From Our Own Correspondent

MONTREAL.—Securities and Exchange Commission has issued an order reconvening hearing under the Public Utility Holding Act of 1935 against International Hydro-Electric System and its subsidiaries New England Power Association, Massachusetts Power & Light Associates, North Boston Lighting Properties, Rhode Island Public Service, and Massachusetts Utilities Associates.

The new hearings will be held in Washington July 29 and are mainly directed at Massachusetts Power & Light Associates, North Boston Lighting Properties, Massachusetts Utilities Associates and Rhode Island Public Service Co.

The enquiry will deal with several matters, but principally whether these companies, which are all holding companies, "unduly or unnecessarily complicate the structure of New England Power Association" and "whether they unfairly or inequitably distribute in voting power among the security holders of such companies."

"Bits Blitz" Expands War Supply Output

(Continued from page 1)

its own repair and machine shops, formerly used only for servicing pulp and paper machinery.

In a year the paper group hopes to increase this tenfold with an ultimate production, as full co-operation is obtained, of something like $10 millions. Many of these 30 or more plants are now working 16 hours a day on war work and eight hours on regular peacetime repair and machine work.

It is the expansion and co-ordination of such programmes on a national scale that is now taking shape. This involves:

(a) Procuring maximum capacity from existing machinery.

(b) The sub-contracting of new and existing orders, from a relatively few large primary contractors, to thousands of small and medium sized plants throughout the country.

How System Works

Here are typical examples:

1. The pulp and paper industry already holds subcontracts for scores of key items urgently required to prevent production bottlenecks. Such items as cargo boat winches, jigs for two-pounder guns, stuffing boxes, jigs for pom poms, airplane parts, air pumps for mine sweepers. More are being added each week as additional capacity is shown to be available.

2. Production of guncarriages for one of the largest guns to be produced in Canada will, it is hoped, be expanded 500% because orders for two other guns, previously placed with the same primary contractor have been farmed out to an idle plant in western Canada.

3. A bottleneck which would have delayed tank production two or three months was broken when a group survey uncovered available capacity to produce the needed part immediately.

4. Production of a small desperately-needed weapon has been increased from 250 to 1,000 units a month by farming out the job among two dozen small shops, at no increased capital cost.

5. To produce 1,500 per month of another vital armament an expenditure of $4 millions in equipment from the United States was required. Through the "bits and pieces" programme, production is now being stepped up to 5,000 a month without any new investment in bricks, mortar or machinery.

Importance Stressed

The vital importance of this new phase of Canada's war production was recently stressed by H. J. Carmichael, in speaking to a group of Canadian manufacturers. He said:

"We have reached a point where we will have to demand that prime contractors farm out bits and pieces to the very limit of their ability, to utilize all the labor and all the facilities we know are available.

"We are entering a mammoth programme through negotiations in Washington. In certain weapons Canada will be called on to equal Great Britain's total production. To tool one of the commodities in the new programme a minimum of two and a half million man-hours will be required for tools, jigs and fixtures.

"I visited one of our gun plants where the first naval twin mounting was successfully produced. I was told that down the road a blacksmith nearly 80 years old and his son, 55, were making parts on their forge and machining them for corvettes.

"I am asking that when a manufacturer looks over a small plant and finds it has got only 90% of the necessary tools, he should not wash that fellow out of the picture. Instead he should take one or two tools from his own plant and establish him.

"Four weeks ago I asked one of our largest manufacturers to help us by doing that and avoid the necessity of building a tremendous new plant. Yesterday he called me and assured me he had carried out our recommendation.

"The Government on this one project will save the expenditure of about $750,000 on a pile of bricks and mortar which after the war might be just one of those things that would be a headache to us all."

Bolt and Screw Project

Small groups of manufacturers are now producing or are capable of producing certain "bottleneck" items. Typical is the plan for organizing maximum production of bolt and screw products for war purposes. A small group of manufacturers has organized the Bolt and Screw War Service Bureau. Its ten point programme is a model of what is being done in some industries and what can be done broadly across the entire industrial front.

1. Maximum use of available equipment.
2. Allocation and reallocation (where necessary) of war orders to firms best suited to ensure deliveries as desired.
3. Prevention of unfair discrimination between manufacturers on allocation of war and commercial work.
4. Solving of labor problems.
5. Evolving methods to ensure flow of necessary raw materials.
6. Assistance in placing of priorities.
7. Advice to the Government on substitutes and modifications.
8. Advice on the placement of new Government machinery to ensure maximum production.
9. Liaison with U.S. manufacturers.
10. Advice to Government in general on all matters pertaining to this industry.

In the case of automatic screw machinery, it was found that while peacetime needs are normally supplied from four chief sources, as many as 90 different firms had some equipment available on part or full time basis.

Results of Survey

The survey returns now being tabulated were obtained from questionnaires sent to 9,300 Canadian manufacturers by the C.M.A. and the C. of C. Returns were received from more than 6,000 manufacturers representing over 80% of Canadian industrial capacity.

Information was obtained as to the precise number of machine tools throughout Canada, itemized under some 29 different classifications. A special group is already at work breaking down this information and spreading work among hitherto undisclosed shops. Once the card system has been organized, information on this machinery will be available by zones, localities and for various types of equipment.

The questionnaire gained information on more than 100 different matters pertaining to labor demand and supply, electric power consumption and use, transportation facilities, plant data, war and peace production, raw materials, inventory, etc.

A similar survey in the United States, undertaken by the National Association of Manufacturers, disclosed that of 434,000 machine tools and general machines registered, more than one third (157,000) had more than two million hours a day to offer to defense production.

New Basis Is Set For Wage Bonus

(Continued from page 1)

based. The new clause approves rates at levels of 1926-29 or thereafter up to Dec. 16, 1940, but allows for raising rates deemed "unduly low or subnormal."

For Non-War Plants, Too

It has also been intimated from Ottawa that the new wage and bonus policy should be applied equally to workers in non-war industries.

According to a survey by The Financial Post, many concerns not directly engaged in war work have already taken action of this kind to help their staffs meet the increased cost of living, by bonuses or salary increases.

Among industrial concerns, the general tendency has been to make no distinction between office and factory workers.

One large concern on July 1 started paying all workers getting up to $3,500 a year a bonus of $1.50 a week. In other cases bonuses are on a percentage basis of say 5% or 7% of earnings.

Some merchandising concerns, apart from Christmas bonuses, are paying a cost of living bonus of 5% every three months.

Financial Concerns

Financial institutions generally seem to stress the security and permanence of employment they offer as offsetting salary increases and bonuses paid elsewhere.

A number of insurance companies report regular pay increases but at a slightly higher rate than before the war. Initial salaries paid new employes are also higher than before.

Among the banks, one has given a special allowance of $100 a year to married men getting up to $4,000 a year, and $50 to single men getting up to $1,800. Another some time ago gave a bonus of 5% of salary with a minimum bonus of $30. One or two others have done nothing along this line.

Enlist Canadians In Tourist Drive

To stimulate aid to the war effort by Canadians generally, through promotion of U. S. tourist travel in the Dominion, the Foreign Exchange Control Board is distributing a small leaflet entitled "How You Can Help." Particular effort is being made to see that a copy is obtained by every Canadian making a trip to the United States.

The leaflet stresses that all Canadians can give valuable support to the war effort by ensuring that American friends know the facts about travel in Canada, and about the necessary curtailment of Canadian pleasure travel in the U. S. Unfounded rumors, often circulated by enemy agents, have led many Americans to believe they will be subjected to special restrictions and vexations if they come to Canada. Says the leaflet:

"The tourist trade is one of the most important sources of United States funds, which Canada needs to buy essential supplies in the United States and to continue paying its obligations in the United States at this critical time. . .

"American citizens are as welcome in Canada as they have always been. No passport or permit is needed to enter Canada. To get back to the United States the possession of some simple evidence of identification, such as personal papers or other identifying documents, would be helpful. . . . Exchange control will result in neither difficulties nor formalities for the American visitor."

Gasoline and Oil Contracts Heavy

The Department of Munitions and Supply at Ottawa has awarded contracts for gasoline and oil in the two weeks ended June 27 amounting to approximately $7 millions in all. These have been divided among a number of individual companies but the major share has gone to the following:

British American Oil	$1,576,100
Imperial Oil	2,256,577
McColl-Frontenac	1,218,002
Shell Oil of Canada	912,100

Huntingdon, Que.

Sun Life Assurance Co. of Canada has purchased $100,000 of 30-year installment debentures of the Town of Huntingdon, Que. Coupon rate is 4%.

Through our 500 branches we furnish modern, experienced, convenient banking service to thousands of merchants throughout Canada. Merchants and their workers everywhere are our welcome customers, who keep their surplus funds with us or borrow as need arises.

Serving Canadians and their businesses in every section of the community, we invite you to discuss YOUR banking requirements with us.

BANK OF MONTREAL

"A Bank Where Small Accounts Are Welcome"

Modern, Experienced Banking Service . . . the Outcome of 123 Years' Successful Operation

Tobacco Export More Hopeful

Canada May Get Australian Business — Britain to Resume Imports

From Our Own Correspondent

SIMCOE, Ont.—Canadian tobacco growers are hopeful of exporting substantial amounts of tobacco to Great Britain and Australia this fall, J. K. Perrett of the Tobacco Marketing Board, informs The Financial Post.

The Australia outlet will be a new one as far as Canada is concerned. Some time ago a trial shipment of slightly over half a million pounds was made to the sister Dominion and reports on its reception have been highly favorable.

Normally Australia depends on United States for the five to eight million pounds of tobacco it imports annually to bolster its own substantial production. Canada is now hopeful of obtaining all or part of this business. Owing to the high premium on U. S. funds there would be a distinct advantage to the Australians in obtaining supplies from Canada.

British Purchases

The expected British purchase is more important. Before the war Canada exported to the Mother Country anything up to 20 million pounds a year. In 1938 the peak was reached. In 1939 exports fell to eight millions. Great Britain, it is understood, has agreed to take at least eight million pounds this fall if shipping space is available.

Outbreak of war seriously interrupted tobacco exports from this continent and until a few months ago there was practically no export from either Canada or the United States. Britain had a reserve estimated at equal to nearly two years' requirements when the war commenced. Now supplies are running low.

Canadian surplus from the 1939 and 1940 crops is estimated at between 15 and 16 million pounds. Acreage of the present crop is about 25% below normal, due to voluntary restrictions. At present prospects are excellent but everything will depend on the weather from now until harvest next September. Hail, frost or drought might seriously cut output.

Board Probing Dispute At Halifax Shipyards

A board of conciliation has been set up to deal with a dispute between Halifax Shipyards Ltd. and about 200 employees. The employees are asking a basic rate of 85 cents an hour for journeymen, the claim being made that 90 cents an hour is paid on the Pacific Coast where living costs are less.

Other requests include a cost-of-living bonus of 2½ cents an hour for each 5% increase in the cost of living; stipulation that the company employ only union men for certain duties; deduction by the company of union dues from wages, and an eight hour day Monday to Friday inclusive, with a four-hour day on Saturdays.

Bomber Project Is Now Spiked

(Continued from page 1)

dian Car. This explanation is officially scouted.

Observers Puzzled

None of these suggested reasons fully satisfy observers close to Canada's wartime aircraft manufacturing setup. For one thing, the recent visit to England of Ralph P. Bell, Canada's Director-General of Aircraft Production, was understood to have been made largely to complete arrangements to produce the Liberator here.

Also, the pending order for Liberators was relied on to take up the increasing slack of activity at Canadian Car & Foundry's Fort William plant, which has nearly completed its British orders for Hurricanes. Present unfinished orders could be completed by the end of the summer at full rate of production, could not be extended beyond the end of the year at a curtailed pace.

Already the working force at the Fort William factory has been cut from 5,000 to 4,000, partly as result of the dwindling Hurricane job but also because of the breakdown of the Liberator deal. Official efforts to find alternative aircraft production work to keep the plant busy have been launched.

Seek New Orders

How to avert the threat of an idle plant is understood to be one of the problems to be taken up when high ranking Canadian officials confer this week with U. S. authorities in Washington. Suggested as projects that might be allotted to the Fort William factory are:

1. U. S. orders for aircraft components which could be made at the plant.

2. Farming out to Canadian Car of parts of the Martin B-26 bomber project, which has been allotted to the National Steel Car Corp. aircraft plant at Malton, near Toronto.

3. Additional orders for Hurricanes, and possibly for production of a two-engine aircraft. Mayor C. M. Ross of Fort William has declared that efforts to obtain these have been taken to keep the Canadian Car plant operating.

In the meantime, it has been announced that the Consolidated Catalina flying boats will be built jointly by Boeing Aircraft at its Vancouver plant and Canadian Vickers at Montreal. Also, a repair and overhaul plant to service airplane engines in use on the Pacific coast is to be operated at Vancouver airport by Canadian Wright Ltd. and British Aero Engines Ltd., both of Montreal.

Add Three Big Buyers To Victory Loan List

Three names omitted from the first compilation supplied to The Financial Post of large buyers of Victory Loan bonds have been added to the roster. Now included in the list are subscriptions from the Toronto General Trusts Corp., for $2.2 millions; Steel Co. of Canada, for $2 millions; and Dome Mines Ltd., for $1.5 million.

The "West End"

Exclusive with Simpson's

The "West End" illustrated is a lightweight, unlined snap-brim in light or medium grey, blue-grey or brown. Other medium-weight lined styles, including the popular Homburg and "Stratosphere" in brown, grey, blue or green. Sizes 6¾ to 7½. Each $5

Simpson's

STORE FOR MEN. AIR-COOLED STREET FLOOR

Weekly Record of Financing in Canada

OFFERINGS OF CORPORATIONS AND FOREIGN SECURITIES

Bond Issues—	Date Issued	Offered by	Rate	Due	Amount	Price	Yield
Huntingdon, P.Q.	June	Sun Life Assurance	4%	1-30 yrs.	$100,000	....	....
Summerside, P.E.I.	July	Dominion Securities	3½%	1956	50,000	96.58	....
Dominion—							
Canada Treasury Bills	July		...	Oct. 17/41	$40,000,000	99.852	0.580%

London Calling

By Atticus

"The Empire is Certainly Marching On Great Britain and We are Better For it in a Thousand Ways"

LONDON.—The impression left by R. G. Menzies does not fade with distance, and there is a feeling that he may return to London. As a few readers of these notes may remember, I prophesied five years ago that Mr. Menzies would become Prime Minister of Australia and play a part in Empire affairs far beyond the confines of his own country. With that good record behind me I now forecast that if he comes back to London he will make this his actual as well as his spiritual home. In which case an important new human factor will enter our public life.

GEN. McNAUGHTON

• • •

Empire Figure

General McNaughton, Commander of the Canadian Corps, is another Empire figure who is being discussed politically. I was a dinner guest at his mess recently, and was more than ever convinced that here is a most unusual combination of scientist, realist, soldier, and philosopher, he has the spiky hair, the penetrating eye, and the lean, bony look of a man whose Highland ancestors walked out in all weathers. He is both reasonable and domineering, and, as far as one can tell, never sits down. His desk is like a high draughtsman's table, against which he stands up to make his notes. Two of his sons are in the Canadian Air Force and one in the Canadian Gunners, which gives him a stake in the future that only intensifies his determination to assist in the extermination of Hitlerism.

And this week the Hon. Peter Fraser, Premier of New Zealand, makes his first public speech in London. Whether the Germans are coming may be a question, but the Empire is certainly marching on Britain—and we are the better for it in a thousand ways.

• • •

Historic Week

A strange week. The Derby and the Oaks were duly run on the wrong course but with the usual benefit to the bookmakers, who emerged from their lairs to assist the sport of kings. With an indifference to public comfort which, no doubt, drew proper rebukes on the spot, the movements of an army unit actually held up the procession of cars en route to the Derby!

As the week developed it seemed that Germany was determined to attack Russia. There was no pretense that the deep accord of Aug., 1939, had ended or that there was the slightest misunderstanding between the two countries. In these days Hitler does not even claim that his patience is exhausted. He is the supreme footpad of history. The more then does one sympathize with the President of the Turkish Republic, who felt it necessary to write to Hitler:

> We have entered an era of mutual trust inspired by the desire perpetually to remain in such relationship. I wish to express to you my feelings of profound friendship.

I must say that Hitler's reply displayed a frankness which is wholly commendable. He confessed to "a feeling of the greatest satisfaction." He might have added that von Papen was even more pleased. For once the crockery had not come to pieces in his hand.

• • •

Turkey's Head

No one who ever met President Inonu will doubt that he wrote those words with a fierce resentment against the Fates that had brought the proud spirit of modern Turkey into alignment with the coarse arrogance of the Hun. He was second only to Ataturk in the work of building the new Turkey. He was the perfect colleague and foil to the brilliant voluptuary who defied Constantinople and founded the Republic in the plains of Ankara. Kemal drank violently, loved violently, and fought violently. He outraged every law of Nature, but his mind never lost its course nor his untamed soul its dreams. Inonu took no part in his leader's debaucheries. He never gambled, drank practically no alcohol, and went home to his wife at 11 o'clock. In the years that followed the Turco-Greek war of 1921 he was a prime mover in the Balkan Entente, which might have saved Europe if there had not been weaklings and intriguers at the head of some of the signatory states.

In the President's room there is a portrait of Ataturk, the man he worshipped. Portraits are strange things, and those burning eyes might well seem to be asking now how the leader of Turkey had reached an era of mutual trust and profound friendship with the black-hearted villain of Berchtesgaden. Will the President's reply be the same as Hamlet's uncle's: "My words fly up, my thoughts remain below"?

• • •

Diplomatic Duel

The Turco-German Pact is bad luck for Sir Hughe Knatchbull-Hugessen, who as Ambassador to Turkey has fought so long a duel with von Papen. Just as Sir Percy Loraine, with his high spirits and love of horseflesh, was a perfect emissary to Ataturk, so Sir Hughe was an admirable successor to deal with President Inonu. He is one of those unspectacular, studious Englishmen who are always getting into the headlines. After the Japanese had machine-gunned him in China it seemed that he would not survive, but the spark of life hung on in his frail body to the relief of the nation and the joy of his friends. Parliament voted him £5,000 compensation and refused to accept the money from Japan as "undignified." But then all that was in the distant period before the Nazis had driven the word dignity from the vocabulary of an age.

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DIRECTOR

Conrad D. Harrington has been elected to the Canadian board of directors of the Yorkshire Insurance Co. He is vice-president and managing director of Anglin-Norcross Corp.

Unemployment in Nfld. Shows a Decrease

Because of employment on Canadian and United States' defense projects and a higher rate of business activity, unemployment relief has shown a marked drop in Newfoundland in the current year. At the end of May there were 35,247 persons receiving aid, compared with 54,426 at the same time last year. Cost of relief to the Commission of Government in May this year totalled $70,133, against $109,839 last May.

American Opinion Opposes Invasion of Europe Yet

From Our Own Correspondent

WASHINGTON.—Experts in public opinion here feel that the current British appeal (Wavell, Auchinleck, etc.) for fighting men from the United States is badly timed and likely to do more harm than good.

British circles in Washington are discussing freely the possibility of land invasion of Hitler's Europe with the assistance of American troops. But American military authorities are strongly opposed to the idea.

Bomb Into Surrender?

Their considered opinion — for what it is worth—is that the war will be won primarily with air and sea power. Through these branches of the fighting services, Germany, they think, can be softened up. Steady pressure from the sky and continued ringing about of Germany on the sea will gradually wear down German morale, they argue, when it will be time enough to think of sending an expeditionary force for the invasion of the continent.

An Industrial War

Hitler, runs the argument, has made this an industrial war. It will be won or lost by industry. The major test of the American contribution will be, for many months yet, what can be produced in the factories and delivered where it is needed.

In this respect greater progress is being made than is apparent from the controversies in the press. It seems well established now that Anglo-American first-line air power is now as great as Germany's. And production is increasing rapidly. It would be impossible for Hitler, by any concentration of industry, to match the first-line airpower that will be at the command of the Anglo-American front within a few months.

F. D. R. and Public

There is much comment in the American press that the President is behind public opinion in his war moves. Those who are close to him feel, however, that he has been very skilful in his strategy, planning his moves far in advance and timing each one to confound the opposition and carry at least the vast majority of people with him. Those who give the president credit for careful planning of American moves toward war feel that outside pleas for intervention, and particularly such interviews as those given by Wavell and Auchinleck, intensify his problem and help to upset his strategy and timing.

Informed opinion here is that the war outlook is brighter than it has been for over a year. Even if the Russian army is eliminated it is felt that Hitler's dream of exploiting the resources of Russia will be shattered by sabotage. Japan is caught in a trap. Italy is virtually out of the war. Dramatic U. S. moves in the north Atlantic are countering the submarine menace. High hopes are held here of a break-down in German morale and, ultimately of a complete knock-out victory over the forces of conquest.

Hints Shortage Freight Cars

Transport Controller Urges the Best Possible Use of Equipment

From Our Own Correspondent

MONTREAL.—Hinting at a possible shortage of freight cars, T. C. Lockwood, Transport Controller, has issued a warning to shippers to make the best possible use of rolling stock to avoid this development.

In order to make the best possible use of freight cars, the Controller has issued a series of instructions aimed at effective co-operation in regard to railway loadings. These follow:

1—Waste of car days is waste of war dollars.

2—Speed up loading and unloading.

3—Give advance notice of car requirements, but order only the cars required for immediate loading.

4—When ordering empties for loading state size of car required, commodity, destination and routing.

5—Load freight cars to their weight carrying or cubic capacity. Order heavy capacity cars for commodities which can be loaded to full weight carrying capacity.

6—Do not load high-class, clean box cars with commodities which will dirty the interior.

7—Remove all refuse and dunnage from cars when unloading, leaving them in condition for immediate re-use.

8—Give advance information as to switching requirements.

9—Provide sufficient storage space for your goods to protect against contingencies.

Canadian Colonial Upheld by Board

Objection to Montreal-Nassau Cruise Dismissed by Aeronautical Body

From Our Own Correspondent

MONTREAL. — The Civil Aeronautics Board at Washington has dismissed the objection of two U. S. air transport companies against operation of flights between Montreal and Nassau, Bahamas, in planes chartered from Canadian Colonial Airways.

Equipment was leased last winter by a Canadian concern, Mayfair Sky Cruises, from Canadian Colonial Airways Inc. through its Canadian subsidiary, Canadian Colonial Airways Ltd. Sky Cruises conducted all-expense tours between the Canadian city and the winter resort.

Sky Cruises was formed to facilitate Canadians spending vacations in non-British territory.

Eastern Air Lines and Pan-American Airways sought to have the Civil Aeronautics Board prohibit the enterprise as an unauthorized regular service.

Otto Strasser States Aims Of The "Free Germans"

Otto Strasser, world head of the anti-Hitler "Free-German Movement," has issued from Montreal a statement of the aims of his organization. Declaring the movement to be part of the "Front of Freedom" led by England, Dr. Strasser states its aims to be:

War on Nazism and punishment of all guilty Nazi leaders.

No compromise with Communism.

An economic system based on democracy and social co-operation.

Self-government and federalization for Germany, and freedom from the domination of Prussia.

Federation, in due course, of Europe.

Co-operation between all democracies.

A return to the moral values of Christianity.

The statement indicates that Strasser's movement works chiefly through propaganda among German nationals in North and South America, but also seeks to organize passive resistance in Germany itself.

Strasser was editor-in-chief of the Northern Germany newspapers of the NSDAP, a Nazi unit, until 1930, when he and his brother broke with Hitler on policy. After Hitler's rise to power, Strasser escaped and, especially since the murder of his brother, Gregor, in the "blood purge" of June 30, 1934, has fought Hitler through his underground "Black Front" organization.

The Small Estate

What size is your estate? Perhaps you think it is too small for National Trust services.

Over half the new accounts in our Estates Department during the past five years have been under $25,000.

No matter what size your estate may be its conservation is the important thing.

National Trust Company invites your inquiries about its services as executor. We should be glad to discuss your estate problems without charge or obligation.

Write for free booklet . . "Security for your Family"

NATIONAL TRUST COMPANY, LIMITED
TORONTO MONTREAL HAMILTON WINNIPEG EDMONTON

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Speed the work of plant expansion with • J-M Built-Up Asbestos and Asphalt Roofs • J-M Roll Roofings • J-M Insulating Board • J-M Asphalt Tile Flooring • J-M Rock Wool Insulation • J-M Asbestos Wall Boards • J-M Expert Acoustical Service and Specialized Materials.

FOR THE HOME

Modern materials that protect against fire, weather and wear. J-M Cedargrain Asbestos Siding Shingles • J-M Asbestos and Asphalt Roofing Shingles • J-M Rock Wool Home Insulation • J-M Asbestos Flexboard and Wainscoting • J-M Decorative Insulating Board.

JOHNS-MANVILLE BUILDING MATERIALS

CANADIAN JOHNS-MANVILLE CO., LIMITED
Mine and Factory: Asbestos, P.Q.
TORONTO · MONTREAL · WINNIPEG · VANCOUVER

Keeping Posted . . .

By J. C. KIRKWOOD

Lowdown on Quints

A comprehensive, up-to-date story of the Dionne Quints and their circle, including their parents, Dr. Dafoe, their nurses and teachers, their business manager and their official guardian, appears in the July 15 issue of Maclean's Magazine.

Up to Callander went Frederick Edwards to get the lowdown on Yvonne's refusal to speak in English on a broadcast sponsored by the Ontario Government to promote U. S. tourist business. Mr. Edwards glosses nothing. He reveals that there is friction between Mr. and Mrs. Dionne and Judge Valin, who is co-trustee with Oliva Dionne; P. D. Wilson, who represents the Ontario Government as official guardian; Keith Munro, the Quints' business manager; Dr. Dafoe, the Quints' physician. The Quints have a fortune of a million dollars. Oliva, the father, earns $16,000 annually—not bad for a man with many grievances.

• • •

Cutting Up

A book for married men which should have a wide and continuing sale is titled, "Carving the Easy Way." Its author is a woman, Lily Haxworth Wallace. There are numerous diagram illustrations. But while the carving of a turkey is illustrated, there are no diagrams on how to carve a duck. Yet as preface this book has a poem, "When Father Carves the Duck," the last lines of which are:

Father growls and blows and jaws,
And swears the knife was full of flaws,
And mother jaws at him because
He couldn't carve a duck!

The Canadian publishers are McClelland & Stewart.

• • •

Dirty Work

A very dirty way of getting new customers is cleaning furnaces. A. L. Hodgkinson, an Ottawa plumber, likes it.

"I have one eye on the furnace," he says in Sanitary Engineer's current issue, "and the other eye on the plumbing and heating installation. A man would have to be dumb as well as blind if he failed to interest his customers in something other than the actual furnace cleaning."

• • •

Brushing Up

Pigs is pigs. But not all pigs are good pigs, meat packers and makers of brushes will tell you. The pigs of Russia and China do not produce as good a brush bristle as did the pigs of Germany, France and Poland—countries where the pig industry has been shot to pieces. Neither the Chinese nor the Russians, not even the Americans, have learned how to dress and bleach hog bristles to perfection.

So today shaving brushes have not the clear white bristles which they used to have. Prices of shaving brushes have jumped 50% or more and may go even higher. Badger bristles are a Turkish product. The badger brush, being soft, should be used by the men with a tender face and light beard. Such points were brought out by L. S. Hewes, general manager of the Rubberset Co., at the recent Ontario Retail Druggists Association convention.

Profits Pared

The self-serve grocery store has reduced operating costs and, in turn, profit margins. Many grocers, says Canadian Grocer, are finding it increasingly difficult to pick out "specials" for week-end advertisements. So many products have had their margins cut so fine that it is almost impossible to cut them any finer and get a net profit.

Scientific merchandising has led to larger sales in self-serve stores. Stores whose annual sales were formerly $30,000 are, in many instances, selling up to $50,000, and those with sales of $100,000 are now selling up to $200,000. This is being accomplished without increasing wages and store expenses.

• • •

Cotton Campaign

Cotton for women's wearing apparel is being boomed in Canada and Britain and the United States.

In Canada the Wabasso Cotton Co. had a fashion show where a wide variety of frocks—formal dresses, sports wear, tea coats, negligees, evening gowns—were shown on models.

In Britain the Cotton Board organized an exhibition of textile designs in Manchester, and numerous first-flight couturiers—Norman Russell, Madame Mosca of Paquin, Digby Morton, by way of example—attended. Each couturier selected one design, reports Stylewear, which is to be made into garments for a special export collection to be shown in Canada and the United States.

A group of Britain's better-known artists are co-operating with Lancashire cotton manufacturers to produce dress designs which will put new life and beauty into fabrics of cotton and rayon.

• • •

Craft Work Revives

Canada is being visited by U. S. buyers of hand-woven fabrics, tweeds, homespuns, weaves to drape windows, linens made from home-grown flax, hooked rugs, hand-made pottery, and other "craft" products. Craft work, says the authoritative Canadian magazine, Canadian Homes & Gardens, is being carefully nurtured by co-operative organizations, and, in certain provinces, by government support.

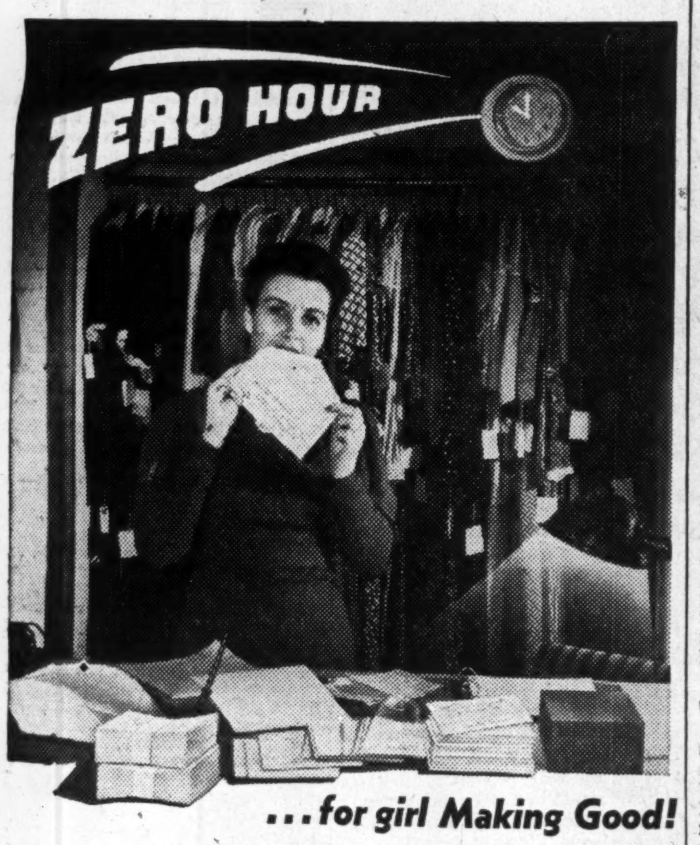
• • •

Car Paint

There is an unprecedented demand for paint products by the automobile repair and maintenance trade in Canada. Thousands of car owners are having their old cars reconditioned and repainted. Normally they would buy new cars but owing to the war demand for motor vehicles they are going to do without. The scarcity of labor, reports Canadian Paint and Varnish Magazine, has produced a distinct demand for older men—even men 70 years of age and over—capable of doing renovation and service work.

Newfoundland Makes Fish Supply Deal

Newfoundland fish operators have signed a contract with the British Fish Controller to supply 6 million lb. of frozen fillets up to the end of October. The operators have been working on this agreement for the past three months and it has only now been confirmed.



. . . for girl Making Good!

BUYER for a big store before she started her own shop . . . Jessie Brooks could model, fit, trim windows, sift the smart numbers out of any salesman's line, and make the forty-six size customer feel like Brenda Frazier. As "Brooks Frocks" she worked fourteen hours a day, and loved every day of it—except one. The end of the month was her zero hour, as it is for the proprietor of many a small business. Midnight found her still working on her statements; and the mailing seemed to be the last straw.

BROOKS FROCKS needs a Postage Meter. Your business does, too, if you have a peak mailing *even once a month*. The convenience of a Pitney-Bowes Meter is worth more than it costs.

IN THE first place, the Pitney-Bowes Meter replaces the sticky postage stamp. The Meter holds as much postage as you want to buy—and it's safe, tamper proof and theft proof. Nobody can take postage from a Meter, because Meter stamps are useless except on the firm's business mail. The Meter also supplies any kind of postage for any kind of mail. It *prints* postage stamp, postmark, and a small poster advertisement directly on the envelope; and seals the envelope flap—all in one turn of a die; and automatically records postage used. And Metered Mail, already postmarked and cancelled moves faster in the post-office, can make earlier trains.

MOST large firms have used the Pitney-Bowes Meter for a long time—and today most small firms can afford one . . . Call our nearest office for a demonstration on your own mail . . . Why wait?

The Canadian Postage Meters & Machines Co., Limited
181 King Street W., Toronto
BRANCHES: Montreal, Winnipeg, Vancouver
Consult Your Telephone Directory
AGENCIES IN PRINCIPAL CITIES

The Canadian Postage Meters & Machines Co., Ltd.
181 King St. W., Toronto.
☐ Mail me the "Great Grimblestone Survey"
☐ When may we have a demonstration?
Name ....
Company ....
Address ....

SHORTLY after the National System (Series 3000) was installed, the Canadian Gypsum Company Limited discovered that the work of Accounts Receivable was accomplished by the National System in less than half the time taken by the old equipment it replaced.

Since then, the National System has proved more and more valuable to the Company in their extensive accounting operations. In Accounts Receivable, for instance, this National System provides a continuous ageing analysis important to credit control. It prepares cheques, vouchers and voucher register for Accounts Payable *in one operation*. It posts entries to the General Ledger of three related companies. It prepares an accumulative monthly expense analysis much more quickly than tabulating equipment previously used. In addition, the visual proof of General Ledger postings and mechanical proof of Accounts Receivable postings provided by the National System minimize the possibilities of errors and the time lost in locating them.

National

This experience of Canadian Gypsum Company Limited with the National System is also important to your organization because it points the way to an efficiency, accuracy and time-saving available with no other system. Why not hear the complete story from the National representative in your city or town? Phone him today.

The National Cash Register Company
OF CANADA LIMITED
Head Office and Factory: TORONTO Sales Offices in All Principal Cities
Cash Registers • Typewriting-Bookkeeping Machines • Analysis Machines • Bank-Bookkeeping Machines • Check-Writing and Signing Machines • Postage Meter Machines

Investment Trends

New Adjustment Period Seen Likely for Stocks

Upward Trend Seems Easier Than Downward But Hesitation at this Stage Quite Probable — Textile Stocks Featured

Stock prices have not changed much over the past few days. The momentum at the start of the war in Russia failed to give the decisive impetus that could carry through the profit taking prevailing around current levels.

Most comment holds that a run-away stock market at this stage is both unlikely and would be undesirable. What has been demonstrated is the fact that it is easier for stock prices to move upward than to go lower. But any upward move that comes is believed likely to be done by successive stages, interrupted by periods of hesitation and probably some reaction.

It seems most likely that the war alone will provide the excuse for hesitation or reaction. General industrial activity, earning power and excellent yields on first class stocks provide the constructive side of the picture. This is believed strong enough to counterbalance taxes, controls and priorities. Against this, however, is growing fear of inflation, particularly in the United States, where price controls so far, seem ineffective.

* * *

Textile Stocks

This issue of The Financial Post tells the story of Canada's textile industry in wartime. It is a story of interest to investors who have a major stake in this basic industry.

Reference to the chart included in the textile feature shows that shares of textile and clothing companies have outdistanced the rest of the industrial stocks since the war began. This followed an extended period when the textile group lagged behind.

Textile manufacturing is a basic industry; one that is essential in peace and war alike. Moreover, its war output does not require extensive new plants or new methods. It can be handled in existing plants which had large reserve capacity. This should be an added attraction when investors consider—as they must—the post-war period. It is far less serious for an industry to go back to working one shift instead of two than it is to have to find something to occupy huge new, specialized plants. The latter problem should not be serious for textile companies.

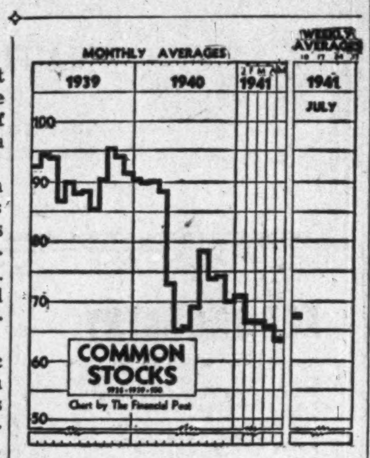
In the meantime, many shares of these companies provide attractive returns. The companies themselves are getting their plants in better shape than they have been for years, partly out of the extra business arising from the war. They have to pay high taxes, it is true, but no higher than other companies and they have the great advantage of having less of a postwar adjustment in sight than many companies which have embarked on new lines of work, in new plants which may be of little immediate use after the need for arms is past.

* * *

Tax Offsets

So far as can be learned at present Canadian income tax authorities will permit deduction of all, or a major part, of any withholding tax already deducted from investment income from the U.S. from income tax payable in Canada. The probable procedure would be to determine first the average rate of income tax payable by the taxpayer in Canada. For example, if a taxpayer received $1,000 in investment income from U.S. sources from which had already been deducted a withholding tax of 27½%, or $275, a deduction from Canadian income taxes payable would be permitted up to this amount if his average rate was 30%. But if the taxpayer's average rate in Canada was only 20%, or $200 on this type of income, then it is quite likely that only the smaller amount would be deducted.

This would be the case if the taxpayer was an individual but Canadian corporations would also be subject to the higher tax, although at different rates. For such Canadian companies as Moore Corp., International Metal Industries, British American Oil Co., Hiram Walker-Gooderham & Worts or Distillers Corp.-Seagram, which do a major part of their business in the United States, this tax is a serious matter.



Market Opinions

There is little inclination to predict continued stock price rise, following recent gains, without a period of adjustment, and perhaps some reaction.

Barron's, N.Y. (The Trader)—In a wartime stock market, the record shows that prices do not advance vertically, but are inclined to back and fill after a striking advance akin to the life of the Dow-Jones industrial share average since May 1. The odds now favor a period of re-adjustment or reaction.

* *

Journal of Commerce, N.Y.—It may well be that the current upward movement will not continue over any considerable period of time. Present earnings, however, furnish ample basis for an advance in stock prices, provided military or other international developments do not develop new causes of concern among investors which would cause them to liquidate regardless of current earnings and dividends.

* * *

Barron's, N.Y. (The Dow Theorist)—Despite the vigorous rally which last week carried the Dow-Jones industrial share average more than three points above its April 3 closing high, the average of 20 railroad stocks once more fell short of its previous high on the rise from the 1940 lows. Until the rails are able to "get in gear" with the industrials, Dow theorists will be compelled to view the current advance with a certain amount of suspicion.

* * *

Magazine of Wall Street, N.Y.—The technical evidence is favorable, as is seasonal market trend precedent. There has been further improvement in investment and speculative confidence. We believe the odds favor substantial intermediate advance over the near term.

We are willing to stand pat on the buying recommendations made previously, subject to the reservation that a reasonable margin of liquidity — and of stop-loss protection — should be maintained against the contingency of "accidents."

* * *

Brookmire Counselor, N.Y.—The second half of the year has been given a good start by the brisk rise in stocks. Continued business expansion promises further increases in earnings, though higher taxes will moderate the uptrend. The basic expansion warrants clients maintaining portfolios invested in dynamic stocks, including inflationary types.

Davis-Chainway Sales Up 13.9% This Year

N. M. Davis Corp. reports sales for the current year to date up 13.9% over the corresponding period of 1940, which in turn was 65% over 1939. These figures include sales of the Chainway Stores Division.

The Chainway Stores (grocery chain) report sales up 51.4% for the current year to date. A new store has been opened in Oakville this year, bringing units in operation up to 20.

Candn. Investment Fund Payment is Raised

Canadian Investment Trust Fund Ltd. has declared a dividend of 5 cents a share on the special and ordinary stock, payable Aug. 1 to shareholders of record July 15.

Previous dividends on May 1 and Feb. 1 of 4 cents a share were paid. This brings total distribution to 13 cents a share for three quarters, compared with 12½ cents in the same period last year.

Attractive Investments

	Rate	Maturity	Approx. Yield
Dom. of Can. (Victory Loan)	3%	1951	3.09%
Dominion of Canada	3¼%	1952	2.90%
C.N.R. (Gtd. by Dom. of Can.)	3%	1953	3.10%
Province of Quebec	4%	1956	4.00%
Canada Atlantic Railway	4%	1955	4.29%
Canadian Pacific Railway	4½%	1960	4.35%
Power Corporation	4½%	1959	4.75%
Canada Steamship Lines	5%	1957	4.81%

Further particulars on request

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& COMPANY, LIMITED
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Branches in the principal cities of Canada
189A

Propane Lack Snags Plans

Hamilton Gas Plant Delayed Pending Tariff Adjustment

Plans for construction of a propane-conversion plant at Hamilton to supplement gas supplies are being held up by a possible shortage of propane from reduction in crude oil supplies to Montreal refineries. At present the sole Canadian source of propane is the Shell Oil Co. refinery at Montreal. Propane, a constituent of the still-gas which is an oil refining by-product, is separated out at Montreal, to be shipped in liquid form by tank-car to the Ontario conversion plants.

The propane plant at Brantford will be able to obtain adequate propane supplies from Shell, despite low Montreal crude supplies, but there would not be sufficient to supply the Hamilton area without importations from the United States. Under present tariff regulations, liquid propane imported from the United States for industrial purposes pays net tariff and sales taxes amounting to 27.44% of the imported value. For heating and illuminating purposes the duty is only 13.5%. Steps are now being taken to class all imports of propane at the lower rate. Until this is done no further steps are likely in respect of the Hamilton plant as the cost to the consumer would be raised excessively by the higher tariff.

Increase in gas rates through the Dominion Natural Gas systems will be kept down to an expected maximum of 5%, not sufficient to cause any marked shift away from gas use by consumers. Gas from propane by itself would cost about twice as much as natural gas, but the admixture of propane will be low and confined largely to the later winter months. The Brantford plant is expected to be ready for operation by Nov. 1, but is to be held as a standby plant until later in the season.

I. P. & P. Plans Simpler Setup

Corporation Structure is Revamped as Power Business is Abandoned

From Our Own Correspondent

MONTREAL.—Corporate simplification of International Paper & Power Co. is expected to take place shortly. For some time past the company has been gradually ridding itself of outside interests and merging subsidiary interests with International Paper Co. The last big move was to bring Southern Kraft Corp. under International Paper.

The plan in mind is to create one operating company. This will be done through elimination of the holding company, International Paper & Power, and the transfer of shareholders' interest to a new company to be known as International Paper Co.

Change of Securities

The position of the present shareholders of I. P. & P. Co. will be affected only to the extent of exchanging their certificates for new ones with the words "and Power" missing from the name.

It probably will be necessary to have a stockholders' meeting to approve the change. If the action is approved, its completion will mark the complete divorce of the paper company from the power business, in name as well as in fact.

Not Affect C. I. P.

International Paper & Power Co. was formed as a Masschusetts voluntary association when the company was expanding its holdings in the utility business.

In addition to International Paper Co. the company also controls Canadian International Paper Co., which, in turn, controls the company's newsprint and pulp operations in this country. The simplification of the parent company's structure will not affect the Canadian business.

Aluminum Co. Launches $30 Millions Project

From Our Own Correspondent

MONTREAL.—Aluminum Co. of Canada officially announces that work is underway on the construction of a new $30 millions power development on the Saguenay river, designed for an initial capacity of 500,000 h.p. and for an ultimate capacity of one million h.p.

This is in line with earlier announcements carried by The Financial Post.

While the work now underway is designed to cover installation of 500,000 h.p., it is understood the arrangement between the company and the government, which is advancing the necessary capital funds, provides that the company, upon completion of half of the installation—250,000 h.p.—can then review the situation. If conditions at the time are such aluminum requirements can be met with existing power installations, then the balance of the power development may be deferred.

Need All Power

All the power from the new development will be used to produce aluminum to fill expanding war demands.

Before the war Aluminum Co. of Canada had a surplus of 240,000 h.p. through development of the Chute-a-Caron power plant and dam on the Saguenay River.

This dam was part of the long term plan of the company ultimately to utilize the Saguenay River to its fullest extent by completion of the huge works now underway.

"The new development, near Arvida," says McNeely Dubose, manager, power department, Aluminum Co. of Canada, "has been planned for a long time. The dam at the Chute-a-Caron plant will be used to divert water from the Saguenay River through a canal to the new power plant. Thus by using the dam already built this new devlopment will make power available in large quantities by the quickest and most economical method possible in Canada.

"The new plant will be built on dry land at a point between the Saguenay and Shipshaw rivers," He added, "The existing dam will allow for water diversion to the new plant, located just at the head of the tidal reach of the Saguenay, where there is an operating head of 208 feet, compared with 150 feet at Chute-a-Caron."

Largest in World

Present planned installation for the new development calls for six units each producing 85,000 h.p.

These are, so far as is known, the largest generators in Canada and possibly in the world.

An essential part of the development is the building of a storage dam on the upper reaches of the Peribonka River, a tributary of the Saguenay. This storage is required to maintain the needed flow of water during the winter months.

Loblaw Sales 20% Higher

Expect Profits Last Year to at Least Equal Previous Period

Loblaw Groceterias Co. in year ended May 31 last had an increase in sales of more than 20%, according to Canadian Grocer. This would mark the eighth consecutive year in which Loblaws has shown higher sales than in the preceding period and would mark a new record in sales volume.

No reduction in profits from those of the year ended June 1, 1940, is expected, states Canadian Grocer, in spite of higher taxes. This would mean that earnings on the combined A and B shares would be at least equal to last year's $1.64 a share.

Investment Notes

Montreal Tramways — Announcement of the general plans for the scheme to take care of the company's inability to meet the principal maturity on the first mortgage bonds is regarded favorably judging by market action on the bonds. From a low of 85 at the beginning of May the 5's of 41 have moved up to a point where they are now 97 bid with no offers. The general mortgage 5's of 55 sold as low as 52 in the first week of June, but are now quoted around 68.

* * *

Dominion Foundries—F. A. Sherman, vice-president and general manager, has written to the company's customers asking for consideration if deliveries are delayed. He says that 1941 Canadian steel output will far exceed that of 1940, which in turn was 20% above any previous year. This company has undertaken what Mr. Sherman terms a "huge new task" in alloy war steels—armor plate, bulletproof plate and guns. This has been a factor in holding up deliveries of regular products.

Toronto Stock Exchange Prices Gain in June

Volume of shares traded on the Toronto Stock Exchange in June at 2.4 millions was lower than any previous month this year and established a long term record for low volume. During the month the industrial share index of the Toronto exchange gained 2.32 points, the gold share index 1.78 points, the base metal index 3.12 and the western oils index .46. Value of transactions in June of this year was about $3.8 millions compared with $4.9 millions in May this year and $8.6 millions in June, 1940.

Agnew-Surpass to Pay Bonus of 20 Cents

Agnew-Surpass Shoe Stores Ltd. has declared a bonus of 20 cents a share on the common stock, payable along with the regular semi-annual dividend of 40 cents on Sept. 2 to shareholders of record Aug. 15.

This will bring payments for the year to $1 a share, the same amount as was distributed in 1940. In 1939 payments totalled 80 cents.

Significant Investors' Index Numbers

No. of Securities	Mach. and equip. 8	Pulp and paper 7	Milling 3	Oils 4	Textiles and clothing 10	Food and allied prod. 12	Beverages 7	Bldg., mater. 15	Power and traction 15	Banks 8	Total utilities 19	Total co's. 95
(Base 1935-39=100)												
1929-40:*												
High	345.7	564.5	322.3	212.5	168.2	123.2	163.1	202.1	297.5	160.9	329.3	130.7
Low	68.5	49.8	63.6	46.5	76.0	76.9	67.0	71.2	68.2	84.6	68.4	64.0
1941: Monthly Figures:												
Jan.	77.6	74.1	72.3	51.6	110.6	96.8	104.3	84.0	75.4	94.7	77.3	71.3
Feb.	72.9	63.8	69.5	48.7	105.0	90.1	96.6	77.3	68.8	90.9	71.3	66.5
Mar.	73.6	65.4	69.5	49.5	103.1	87.9	93.7	78.5	67.0	89.9	70.7	66.8
Apr.	73.2	63.9	68.6	49.4	101.3	88.6	88.1	77.8	62.2	89.7	68.2	65.8
May	71.8	59.7	63.4	51.3	97.4	88.6	82.8	74.4	60.3	88.3	65.2	63.9

*High and low for year from 1929 to 1940 inclusive are based on weekly figures compiled from figures issued by Dominion Bureau of Statistics.

Toronto Stock Exchange Index

	20 Indust.	20 Golds	10 B.M.	15 W.O.
July 15	92.04	101.89	66.39	19.59
July 14	91.93	101.74	67.00	18.44
July 12	92.28	101.28	67.24	18.56
July 11	92.30	101.53	67.44	18.43
July 10	92.44	100.77	67.42	18.33
July 9	92.18	100.72	67.25	18.22
Month ago	87.42	98.11	61.91	17.37
Year ago	88.24	79.64	57.50	19.65
High, 1941	101.48	109.76	69.33	21.62
Low, 1941	85.87	95.68	59.30	16.73

Montreal Stock Exchange Averages

	10 Util.	20 Ind.	30 Chd.	10 Pprs.	15 Golds
July 15	45.9	58.9	54.5	69.41	70.91
July 14	46.2	59.5	55.0	71.15	70.80
July 12	46.5	59.4	55.1	72.23	70.95
July 11	46.2	59.8	55.3	72.58	71.35
July 10	46.2	59.8	55.3	72.81	69.36
July 9	45.7	59.9	55.1	72.65	68.85
Month ago	42.6	54.2	50.3	59.77	70.36
Year ago	51.8	57.4	55.5	71.57	58.26
High, 1941	54.3	66.4	62.3	82.25	79.99
Low, 1941	42.1	52.3	49.3	58.96	67.38

Mills Run Full At Maple Leaf

Operations of Maple Leaf Milling Co. are currently at full capacity, with mills running three shifts daily and seven days weekly, The Financial Post is informed. In the current fiscal year, which ends July 31, company output has kept pace with the industry, promises to be above last year in respect of flour produced. Demand for feeds and other by-products has expanded.

Up to the end of May, 1941, Canadian production of flour in the 1940-41 crop year was almost identical with last year, at 15,362,897 bbls. against 15,356,551. Figures for May, however, showed a big jump with mills running 94.3% of capacity against 55.5% a year ago.

W'peg. Electric Income Gains

Financial and Operating Position Better This Year, Says President

From Our Own Correspondent

WINNIPEG. — Winnipeg Electric Co. earnings for the first six months of 1941 are running substantially ahead of last year, W. H. Carter, present, told the adjourned annual meeting of the company.

Mr. Carter did not refer to the company's effort to get a new franchise from the city. This is said to hinge upon modernizing of the company's transportation system, including the use of trolley buses on practically all routes. Trolley buses are now being built in Winnipeg and it is presumed the company will continue negotiations on completion of these buses.

President Carter stressed importance of new wage agreements with nearly all employees of the company, "under very favorable conditions." Pay increases have averaged about 3½%.

Quebec Power Firms Must All File Reports

All public service companies producing, distributing and selling electricity in the Province of Quebec are now obliged to file a report on their financial and other operations with the Public Service Board, before March 3 of each year.

For the purposes of this return the companies are divided into classes, according to the gross annual revenue.

Ask Tramways To Change Plan

Voice in Management and Sinking Fund Alterations Are Sought

From Our Own Correspondent

MONTREAL. — Reaffirming its previous stand the first mortgage bondholders' committee of Montreal Tramways Co., of which Clyde O. Ruggles is chairman, declares in a letter to bondholders that the company's plan for settlement of principal default conforms in general terms with the committee's platform.

But the letter states the committee wants a "substantial" representation on the board of directors for conceding extension of maturity on the 5% first mortgage bonds.

In support of the request for an interest in the management the committee states that in the last annual financial report stockholders had a book equity in the company of only $7.9 millions, where the mortgage indebtedness was $47.6 millions, not including a contingent liability of $2.3 millions.

The committee is also asking more elastic sinking fund provision. It is pointed out the company's plan calls for a first mortgage sinking fund of $700,000, whereas earnings available for sinking fund averaged only $547,638 in 1930 to 1939. To avoid risk of default because of inadequate earnings, it is proposed sinking fund be placed on a contingent basis, the contribution to be governed by level of earnings.

In a letter to bondholders on July 10 the committee stated it would demand:

1. Principal amount of bonds remain intact.
2. Fixed interest rate of 5% be maintained.
3. Security for first mortgage be preserved.
4. Adequate sinking fund be provided to retire a substantial portion of the first mortgage bonds before the date of an extended maturity should be agreed upon.

Montreal Tramways Co. defaulted on $21.4 millions of the 5% first and refunding mortgage bonds matured July 1.

Zeller's Sales Gain 30% in Five Months

Sales of Zeller's Ltd. in June totalled $807,462, an increase of $115,964 or 17% over the same month last year.

In the five months from Feb. 1 to June 30 this year, sales totalled $3.4 millions, an increase of $787,578 or 30% from the same period last year.

Company Reports

Hiram Walker

Hiram Walker - Gooderham & Worts reports a gain of $1.3 million in operating profits for the three months ended May 31 over the same quarter in 1940. With income and excess profits taxes more than double, however, net profits available for the common stock stood at $2.17 a share against $1.71.

For the nine months ended May 31 Hiram Walker reports net available for the common amounted to $5.94 a share, after allowing for preferred dividends, compared with $5.38 a share for the first nine months of last year.

Consol. Profit and Loss Account
Three Months Ended May 31

	1941 $	1940 $
Operating profit	3,636,421	2,381,788
Add: Other income	68,131	11,746
Net earnings	3,704,552	2,393,534
Less: Depreciation	208,133	199,905
Deb. interest	141,830	129,035
Bank interest	19,004	12,373
Income & E.P. taxes	1,623,840	670,880
Net profit	1,711,745	1,381,341
Earned per com. share	$2.17	$1.71

Nine Months Ended May 31

	1941 $	1940 $
Operating profit	8,829,664	6,868,433
Add: Other income	281,789	244,781
Net earnings	9,111,453	7,103,214
Less: Depreciation	615,652	602,680
Deb. interest	400,135	389,095
Bank interest	49,096	52,772
Income & E. P. taxes	3,320,876	1,738,808
Net profit	4,725,694	4,319,859
Earned per com. share	$5.94	$5.38

Standard Radio

Standard Radio Ltd. reports revenue of $45,951 in the period from Feb. 15, 1941, to March 31, 1941. This was derived from $42,451 received as dividend from a subsidiary and $3,500 as interest on bonds of Rogers Radio Broadcasting Co. Expenses amounted to $770, leaving a net profit and surplus for the period of $45,181. This is equivalent to 21 cents a share on the combined capitalization of 200,000 class A shares and 15,000 class B. An initial dividend of 10 cents a share was paid on both classes of stock on July 10.

Standard Radio Ltd. succeeded Rogers-Majestic Corp. earlier this year, following sale of the manufacturing portion of the business to Small Electric Motors (Canada). As a result of this sale, shareholders of Standard Radio received a capital distribution of $3 a share.

Balance sheet of Standard Radio as at March 31 this year shows assets consisting of $150,000 in bonds of Rogers Radio Broadcasting Co. and $169,805 in stock of the same company. Stock of Canadian Radio Artists Bureau Ltd. is shown at $500. Cash amounts to $687,451 against which there is an offsetting current liability of $645,000 for the capital distribution mentioned above. Net working capital amounts to $42,051.

Immediately preceding the annual meeting on July 17, shareholders are being called to a special meeting to consider by-laws reducing the number of directors from ten to six, the number of vice-presidents from four to two and the quorum of the board of directors from five to three.

Dominion & Anglo

Net profits of Dominion & Anglo Investment Corp. for the year ended April 30, 1941, were at near record levels, aided by payment of arrears of interest and dividends on bonds and preferred stocks held. On the company's preferred stock net profits are equivalent to $7.83 a share compared with $6.55 a share for the preceding year. Dividends paid on the common for last year totalled $2.50 a share compared with $1 a share for the 1939-40 year.

Net loss realized on sale of securities last year was $5,267. This was charged to capital surplus which now stands at $332,398.

Based on market values at April 30, 1941, net assets amounted to $1.7 million compared with $2.2 millions a year earlier.

Income and Surplus Account
Years Ended Apr. 30

	1941 $	1940 $
Income from invest.	118,084	100,296
Add: Exchange gain (net)	2,330	1,931
Gross earnings	120,414	102,227
Less: Directors' fees	1,250	1,500
Exec. remuner.	5,500	5,500
Legal fees	80	......
Other expenses	4,198	3,759
U. S. inc. tax	978	1,033
Dom. inc. tax	4,215	3,900
Prov. inc. tax	2,719	2,025
Br. inc. tax	......	121
Net profit	101,474	84,389
Less dividends:		
Preferred	64,750	64,750
Common	25,000	10,000
Surplus for year	11,724	9,639
Add: Prev. surplus	43,885	36,643
Less: Tax adjustment	.....	2,397
Earned surplus fwd.	55,609	43,885
Earned per Share:		
Preferred	$7.83	$6.55
Paid	5.00	5.00
Common	3.67	2.01
Paid	2.50	1.00
Shares O/s.:		
Preferred, $100 par	12,950	12,950
Common, n.p.v.	10,000	10,000
Net Assets per Share:		
Preferred	$134.49	$170.03
Common	44.66	77.74

Clarendon Apts.

Rentals taken in by Clarendon Apartments Ltd., Toronto, in the six month ended May 31, 1941, amounted to $16,755 against $15,505 a year ago. After allowing for operating and other expense, including equipment purchases, balance forward amounted to $2,495 against $2,661 last year.

Income and Expenditure
Six Months Ended May 31

	1941 $	1940 $
Receipts:		
Balance forward	4,033	2,369
Rentals, etc.	16,755	15,505
Total income	20,788	17,874
Less disbursements:		
Oper. exps. & taxes	10,219	8,914
Gen. and admin.	328	103
Rental exp.	1,722	844
Bond int. & exps.	5,177	5,171
Equip. purch.	847	181
Balance on hand	2,495	2,661

Can. Gen. Investments

Canadian General Investments Ltd. reports earnings for the first half of 1941 at $221,129, compared with $235,964 for the corresponding period of 1940. After deducting expenses, but before allowing for income taxes for the period, the company earned 34 cents a share on its 600,589 common shares compared with 36 cents a share in the 1940 period. Dividends of 25 cents a share were paid in each period.

Net liquidating value per share at June 30 this year was $11.86. This compares with $12.63 a share at Dec. 31, 1940, and $10.59 at June 30 last year. Present value of securities held is stated to be just under $7 millions, indicating an excess of market value over book value of $174,290.

As a result of changes in securities held, net profits of $41,328 were realized. Together with $3,651 received on account of securities previously written off, this amount was added to capital surplus distributable account which now stands at $3.4 millions.

Income and Surplus Account
Six Months Ended June 30

	1941 $	1940 $
Total income	221,129	235,964
Less: Management fee	12,500	12,500
Directors' fees	1,320	1,310
Miscellaneous	1,770	1,961
Net before inc. tax	205,539	220,193
Less: Dividends:	150,145	150,145
Surplus before tax	53,394	70,048
Add: Previous surp.	531,456	429,827
Surplus forward*	586,850	499,875

*Subject to income tax.

Voluntary Gas Cut Seen First Step Only

(Continued from page 1)

resented the Government action, claiming it unwarranted, inequitable and only an inconvenience to the consumer. This group frankly doubted the success of a voluntary curtailment appeal. They held that there are enough tankers on hand to take care of present business. End of credit card use is claimed likely to accelerate the trend toward lower volume when cash payment is required.

Most oil companies profess to be undistrubed at the outlook and to be willing to co-operate whole-heartedly. It appears that 100% co-operation from motorists would save about 238 million gallons of gasoline on an annual basis. With only 75% of normal requirements of crude oil coming into Canada and a consumption rate of 900 million gallons of gasoline annually, a minimum reduction of 225 million gallons would be required to merely offset the reduced supplies. This would make no provision for growing use by armed forces, ships or industries.

Thus the prospects are that refineries will handle about 25% less crude oil. But they may have better protection on their profit margins to make each gallon more profitable. It is too early to make any estimate of the effect on earnings of the oil companies but it should not be at all disastrous as yet. A 25% reduction in over-all oil use would only take us back to a level somewhere between the actual consumption in 1936 and 1937, both reasonably prosperous years for the industry.

Broader Measures in Reserve

Steps to hold down consumption entirely by forcible regulation of supply and sale are being held in reserve. Present plan is to apply such measures only if the appeal for voluntary action fails to produce the desired results after a thorough tryout. Steps under consideration include strict rationing, price control, and a check on use of fuel oil.

The current move to conserve supplies has been made to offset the shrinkage in imports, from depletion of tanker fleets to meet British war needs. Now getting only about 75% of normal requirements of crude oil, for lack of transport, Canada is using up reserves. Consumption must be lowered, by as much as 50%, if enough gasoline and oil is to be available for the armed forces, ships and war industries.

Fresh supplies coming into the country will shortly be curtailed further, as tanker capacity available for oil shipments to Canada is being cut again. Britain has called for the services of eight Norwegian tankers now bringing crude supplies to Canada.

Main Steps Taken

Chief measures taken to curb consumption in Canada are:

1. Sale or delivery of gasoline and oil for motor cars is banned from 7 p.m. to 7 a.m. through the week, and over the week-end from 7 p.m. Saturday to 7 a.m. Monday.

2. Direct public appeals are being made to motorists to reduce their gasoline consumption by 50%, of their own volition and by conforming with the restrictions on sales. Although aimed specifically at "non-essential" driving, no distinctions are being drawn.

3. Retail gasoline prices are raised by one cent a gallon throughout Canada.

4. Use of "credit cards" is prohibited; all gas and oil must be bought on a "cash and carry" basis.

5. Large industrial concerns are prohibited from letting employees use gasoline from company supplies in the employees' private autos.

6. Large department stores and others operating extensive delivery systems are being asked to cut deliveries down to one a day and to save in other ways.

Require Public Support

For the success of all these moves, announced this week, officials are relying on 100% co-operation from Canadians. They will be given a thorough trial for at least two or three months.

Strict gasoline rationing by some system to be worked out later is in prospect for this fall.

Also in prospect and being given careful study at present, The Financial Post is told, are other plans to cut down oil consumption.

Domestic and industrial uses of fuel oils are under close scrutiny. To date the only restriction actually put in effect has been the prohibition of any new installations of equipment using fuel oil. But there is no positive assurance that present users of fuel oil-burning equipment can count on all they want this winter. This will depend to a large extent on how far Canadians join in the effort to cut down use of gasoline and oil.

The need to curb wasteful use of gasoline by trucks and buses is being taken up directly with owners and operators. Efforts will be made to cut down the prevalent habit of bus and truck operators of leaving engines idling when they stop to make deliveries or pick up and let off passengers. The current appeal for reduced use of trucks for retail deliveries will be pressed.

A system of price control, using a zoning set-up, is also said to be under consideration. The oil controller intends to see that uniform prices are enforced and to check the practice still prevalent in large centres, particularly Toronto and Montreal, of offering discounts on gasoline.

Directly involved in the price control measures is said to be sanction for sale of only two standard grades of gasoline, a step The Post forecast last April. It is recognized that restriction measures will mean lower sales volume for the army of retailers throughout Canada, and some relief will probably be given through enforced protection of profit margins.

A survey recently made for the Oil Controller by an independent agency shows that out of Canada's present annual consumption of 900 million gallons of gasoline, about 700 million gallons are used in motor cars. Of this 700 million gallons, about 34% is used in driving for other than business purposes. It is at this 34% that the new campaign is mainly aimed.

Oil Controller Cottrelle states that available transportation facilities can only bring in 75% of the supplies required by Canada's present rate of consumption, and the eight Norwegian tankers now serving Canadian markets, but to be diverted to aid Britain, could bring in 161 million gallons between now and the close of navigation.

The immediate 25% reduction in consumption needed, to balance current use against incoming supplies, would mean about 225 million gallons in terms of gasoline sales. This is not far short of the 238 million gallons—34% of total consumption—estimated to be used for all non-business driving.

This lends added weight to the Oil Controller's urgent request for a 50% reduction in use. The reduction of transport facilities cannot be offset for some time by the projected pipe line from Portland to Montreal, which will not be ready until the end of the year at the earliest.

No Concessions to Tourists

For the present tourists are to receive the same treatment as are Canadian motorists. No provision is made for selling them gasoline on Sundays or at night on week days. However, there is nothing to prevent a tourist from carrying an extra can of gasoline if he has to drive all day Sunday.

Canadian authorities are counting on similar appeals already being made in the eastern United States to make U. S. tourists understand the urgent necessity for the steps here.

The Post is assured that urgent necessity to conserve dwindling stocks of petroleum is the main if not the only motive for the new regulations. Earlier talk of possible curb on gas and oil use stressed the burden of supplying the U. S. dollars to buy the crude supplies, but this apparently is not a major factor in the present move.

Needed in West Also

The Oil Controller points out that curtailment is just as necessary in the Prairie Provinces and British Columbia as it is in eastern Canada.

Even with the hoped for increase of 900,000 bbls. in crude production in Alberta this year, there will be a shortage of at least 2 million barrels in the area served by the prairie wells.

On the Pacific coast all oil comes in by tanker and supplies have not yet been curtailed. But curtailment is coming, the Controller says, and tankers now serving British Columbia are scheduled for diversion to serve Britain.

Classified Advertisements

Classified ads. cost 4c. per word and figure for each insertion. Minimum ad. 12 words. Add six words when box number is required. When replies are to be mailed to advertiser, add 10c. Classified ads. payable in advance. Contract rates on application.

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Young man capable of taking full charge of sales, payroll, stock control, production, etc. Employed at present, desirous of promotion. 28, single. Box 104, The Financial Post, Toronto.

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SALESMAN, residing Vancouver, covering Alberta and B. C. regularly, open for additional lines. Twenty-five years connection with wholesalers, departmental, drug and general stores, hospitals. Reliable firms desiring coverage of this territory are assured aggressive representation. Eastern references. Box No. 99, The Financial Post, Toronto.

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FULLY equipped plumbing and heating concern seeks new location for business. Personnel experienced in all phases of domestic plumbing and fully conversant with modern practice in heating and air-conditioning. Interested in locating in growing mining or industrial centre. Address Box 9, The Financial Post, Toronto, Canada.

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BUSINESS Executive — 40 years old, married, Protestant, University Graduate. Experience includes sales work, accounting and auditing. Best references. Inquiries invited. Box 102, The Financial Post, Toronto, Ont.

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"Britain Delivers the Goods"

and still continues to produce fine woollens, despite heavy enemy action.

An exceptionally fine assortment of worsteds and tweeds for Spring wear have now arrived. May we have the pleasure of showing you these fabrics.

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69 KING STREET WEST, TORONTO

Bond Markets

Ontario Power of Supervision Shown Limited

Windsor Affair Poses Problem of Municipal Control After Default

The ruckus between the Windsor City Council and the Ontario Department of Municipal Affairs raises the issue of municipal supervision for second time this year. In the spring, the resignation of Hon. Eric Cross as Minister of Municipal Affairs brought fears that the Department might be discontinued, or at least its supervisory functions limited. This was subsequently denied by Premier Hepburn.

The Windsor affair brings to light the fact that even under supervision, a municipality's finances can be run in a manner unsatisfactory to the Department. It is not within the Department's powers to revamp the financial set-up of a municipality which is not in default, whether it is under supervision or not.

The work of the Department, in co-operation with debenture holders' committees, has restored standing and often the market value of the investor's stake, for over $100 millions of defaulted obligations. Rising national income has put the finishing touches to the rehabilitation of many of these municipalities, and the Department has, wherever possible, enforced the application of wartime windfalls to debt reduction.

In spite of its proved value, the Windsor setup shows that the Department is pretty well limited to the functions of a rescue squad. If the statements made concerning Windsor finances are correct, it appears that something more is needed.

* * *

U. S. Follows Canada

The tendency for non-government financing to dry up in wartime, which became apparent in Canada in 1940, is beginning to show in the U. S. figures for 1941.

State and municipal financing in the first half of 1940 reached the highest total since the first part of 1934, totalling $688 millions. In the first half of 1941, the total is down only slightly to $679 millions, but for June the figure of $88 millions was little more than a third that of June, 1940. Through 1940 and into the first month or two of 1941, municipal and state financing held to the high level.

Although the pressure of war financing has not reached the same proportions in the U. S. as it has in Canada, Federal war buying is adding to municipal and state revenues, bringing debt reductions rather than additions.

Sale of defense bonds in the United States is now going forward under a strong head of publicity. Logically, from here on, defense borrowings will attract more and more of American investment funds, leaving less for other borrowers.

* * *

Edmonton Progresses

Under its 1937 refinancing plan, Edmonton is called upon to make a cash payment of principal on Aug. 1 of $251,335. Taking into account the discount on Edmonton bonds, it is estimated that the payment will reduce Edmonton's outstanding debt by about $270,000. The 1937 plan provides that the city's debt, then amounting to $26.4 millions, would be paid off by 1967. According to Finance Commissioner Hodgson, the debt will be met several years before that time.

Although the city capitalized $1.2 million of relief expenditures, none has been funded since 1935. Relief and even public works are now being met out of current revenues. There has been an avoidance of heavy bank overdrafts, and the outlook for tax reductions is considerably brighter. Prior to its refinancing, the city had the highest per capita debt and interest burden in Canada.

* * *

Government Cost

Contrast with an earlier period of high business activity is shown in the Citizens' Research Institute study of Government costs. Years ended Mar. 31, 1930, 1939 and 1940, are covered in the report.

In the earliest year, when business was borrowing for expansion, the Dominion Government showed a surplus of $5.82 per capita. In the later two years, deficit of $4.70 per capita in 1939 was followed by a shortage of $12.02 in 1940, as Government spending took the place of business expansion. Greatest rise was in military, air and naval costs, which were $11.62 per capita in 1940, against $2.18 in 1930. In total, per capita government costs at $59.76 were $21.30 above the figure for 1930, about half of the gain being for military purposes, a fourth for relief costs, and the balance made up of a number of minor increases.

Dominion Government expenditures have already more than doubled in relation to national income, the Institute points out, from 8.16% in 1930 to 14.33% in 1939 and 16.74% in 1940. Since the last figure was recorded, the percentage of income taken by the Government has risen to around 50% this year, may go substantially higher later on. Under these conditions, the Institute emphasizes that war financing calls for individuals saving a progressively larger percentage of their own incomes, and it calls on governments to build up a planned reserve of necessary work to take up the adjustment difficulties at the end of the war.

"CALLING ALL CARS"

Save Gasoline

A NATIONAL EMERGENCY

Canada is right up against an acute shortage of gasoline and fuel oil. Tankers that normally supply our country have been commandeered for vitally important overseas service.

The Commonwealth Air Training Plan, the rapid development of Canada's mechanized army units and the great work carried on by our corvettes make the demand for fuel urgent.

Our crude oil intake is limited. There is just one thing to do if our fighting forces are to carry on with a "full tank". Every Canadian motorist is asked to cut his daily gas consumption in half!

There are many ways by which this 50% saving can be made ... ways and means to give you more mileage per gallon. You can drive slower so that you will use less gasoline. You can go fifty-fifty with your neighbours, inviting each other to share cars ... for business, and for pleasure. People can readily go to and from work together, using one car instead of four ... using one gallon of gasoline instead of several. Women as well as men can make these savings.

The amount of gasoline used in Canada for business, social and non-essential activities is amazingly high in proportion to that used by our fighting forces. One look at the figures would convince you that this situation must be reversed.

17 easy ways towards a 50% GASOLINE SAVING

(Approved by Automobile Experts)

Reduce driving speed from 60 to 40 on the open road.
Avoid jack-rabbit starts.
Avoid useless or non-essential driving.
Turn motor off when not in use, do not leave idling.
Don't race your engine; let it warm up slowly.
Don't strain your engine; change gears.
Keep carburetor cleaned and properly adjusted.
Tune up motor, timing, etc.
Keep spark plugs and valves clean.
Check cooling system; overheating wastes gasoline.
Maintain tires at right pressure.
Lubricate efficiently; worn engines waste gasoline.
Drive in groups to and from work, using cars alternate days.
For golf, picnics and other outings, use one car instead of four.
Take those short shopping trips ON FOOT and carry parcels home.
Walk to and from the movies.
Boat owners, too, can help by reducing speed.

Your regular service station man will gladly explain these and other ways of saving gasoline. Consult him.

GO 50/50 WITH OUR FIGHTING FORCES

Canada does not ask or request you to put your car up. She merely asks for your help ... asks that you walk sometimes when the distance isn't too great ... that you take a shorter drive on Sunday afternoon ... that you look after your car and keep it in good condition ... that you say to your neighbour: "Let's use my car today, Jim; we'll use yours tomorrow".

Every day, in greater and greater quantity, we must release gasoline and oil by the thousands of gallons to our throbbing munitions plants ... to our tanks and armoured cars ... to our fighting planes and bombers ... to our corvettes and merchant ships that ply the vital sea-lanes ... so that the day of victory may sooner be at hand.

Will YOU help?

•

It is also vitally important that you reduce the use of domestic and commercial fuel oil.

The Government of the DOMINION OF CANADA

ACTING THROUGH:

THE HONOURABLE C. D. HOWE, *Minister of Munitions and Supply* G. R. COTTRELLE, *Oil Controller for Canada.*

Spare and Share your Gasoline for VICTORY!

Municipal Finances

Thorold, Ont.—Tax collections to the end of June, 1941, are reported at $100,869, or 65.5% of the current roll, against 61.3% of the roll collected to the same date in 1940. Total roll this year amounts to $153,837. In June this year Thorold had 44 persons on relief, compared with 130 a year ago.

* * *

Ottawa, Ont.—Possibility of putting through a general cost-of-living bonus similar to that of the Dominion Government would raise Ottawa's tax rate 1½ mills, according to an estimate by the Ottawa Evening Journal. Including public library employees, civic hospital workers and public but not separate school employees, Ottawa has approximately 2,314 employees eligible for the $1.93 weekly increase scheduled, resulting in an annual bill of $232,000 approximately per year.

* * *

Calgary, Atla. — Best financial position in 12 years is reported for the City of Calgary in the six months ended June 30. No bank loans are outstanding, and the loan made at the beginning of the year, the only one this year, was met in a few weeks. Tax collections in the first half amounted to 72.59% of the 1941 levy, against 67.13% collected at this time a year ago. Arrears collected in the period totalled $285,094, or 44.28% of the outstanding arrears at the beginning of the year. By June 30, 1940, only 38.44% of the outstanding arrears had been collected.

* * *

East York, Ont.—Financial statement of the Township of East York shows total tax collections in 1940 at 111.86% of the current levy, compared with 107.5% in 1939 and 92.79% in 1936. Debenture debt during the year was cut from $5.3 millions to $4.8 millions, or from $153.32 to $136.25 on a per capita basis. Since 1936, East York's tax dollar has gone to an increasing extent into debt service, 16.17 cents of the tax dollar being used for this purpose in 1936, 29.6 cents in 1940. Relief and welfare expenditures have dropped correspondingly, taking 22.49 cents in 1936 and 11.21 cents in 1940.

Bond Redemptions

Bond Issues:	Rate	Year	Due	Price
Victoria Realty .	*6%	1948	Aug. 15	102½
Dom. Tel. Secs.	†5½%	1978	Aug. 2	par
Eastern Car	6%	1952	July 31	‡
Ontario Power ...	5%	1943	Aug. 1	*

Drawn by lot: †$5,200.
*All outstanding balance.
‡Tenders for $50,000, *125,000.

Montreal Storage Retiring Bonds

From Our Own Correspondent

MONTREAL.—Montreal Refrigerating & Storage Ltd. is calling for redemption on Dec. 1 all its first mortgage 6% bonds, of which there were $51,800 outstanding at Dec. 31, 1940.

The company will use cash resources. At Dec. 31, last year, there was $151,338 cash on hand and securities of $33,435 market value. Working capital amounted to $211,529.

The bonds are called at par plus accrued interest. They are callable on this basis on 30 days notice. The company will take in bonds prior to redemption date at 102%, including interest.

In 1940 interest charges on the bonds amounted to $3,531. Capitalization after redemption will consist of 18,863 shares of $3 preferred stock outstanding and 25,329 shares of no par common stock.

The bonds are dated Dec. 1, 1932, and are due Dec. 1, 1947. There was $200,000 issued, of which $142,200 was re-acquired and held in treasury, and $6,000 redeemed and cancelled at Dec. 31, 1940.

Eastern Car Co. Seeks To Buy In Bonds

Eastern Car Co. has asked holders of its 6% first mortgage bonds, willing to sell, to submit offers up to an amount of $50,000. This is in compliance with the sinking fund requirements of the bond issue and the offers will be received up till July 31.

Bond Sales

Treasury Bills

Higher average prices were recorded in the latest sale of $40 millions of Dominion of Canada treasury bills. The bills, dated July 16 to mature Oct. 17, brought an average of 99.85249, with a yield basis of 0.58% compared with 0.586% on the previous issue.

Foreign Exchange

During the week July 8 to July 14 there was no change in the quotation on the United States dollar at Toronto and Montreal which was $1.10 for buying and $1.11 for selling. The sterling rate likewise was unchanged at $4.43 buying and $4.47 selling. The rate is published daily by the Foreign Exchange Control Board.

Other Currencies, July 14

Australia ...	3.58	N. Zealand .	3.61
India	.3372	S. Africa ...	4.47
Japan	.2626	Hong Kong .	.2736

Montreal Borrowings Edge Upward

Collateral borrowings of members of the Montreal Stock Exchange for June increased for the first time in seven months. Loans at June 30 totalled $4.9 millions, an increase of $281,775 from May 31.

The figure for June 30 is the highest since last March. Loans showed an increase for the first time since last November. At June 30, 1941, collateral borrowings totalled $6.5 millions.

Bond Tenders

4 p.m., July 21, Magog, P.Q.—$35,000, 3½% or 4%, dated May 1, 1941, redeemable from May, 1942 to May, 1961. A. Girard, sec.-treas.

6 p.m., July 21, Village of Charlesbourg, P.Q.—$56,100, 4%, dated Aug. 1, 1941, redeemable from Aug., 1942 to Aug., 1951. Rene Bedard, sec.-treas.

The Editorial Page . .

Cannot "Maintain" Standard of Living

In some discussions of the Government's wartime labor-wages policy there is altogether too much talk of the "necessity" of maintaining living standards. It should be noted that the revised P.C. 7440 leaves out the previous reference which read:

> "To assure the workers that, while they may be called upon to share in such sacrifices as the war may make necessary for the whole nation, their basic standard of living will not be impaired by any unavoidable increases in the cost of living..."

That paragraph was an effort to sit on two stools. The Government's new statement to workers says "P.C. 7440 itself calls for no sacrifice." But the war does call for sacrifice.

No nation can fight a total war without doing violence to the living standards of the people. If the living standards of any group are maintained, then other groups—not so well-protected—must make double sacrifices. There will be about $750 millions less for civilian spending in Canada this year than there was in the last pre-war year. That is about $250 per family.

The labor policy of the Government is an effort to appease rather than sterilize inflationary influences. It concedes a reasonably slight, controlled measure of wage inflation in an effort to prevent large-scale, uncontrolled inflation. It is deserving of general support in an effort to make it effective. If it does not work, then harsh compulsion to freeze wages and prices will be unavoidable.

We should not, however, lose sight of some important considerations.

First, that the money in Canadian pay envelopes has already increased enormously through the full employment of those who were formerly out of jobs or on short time. Most industrial workers are, without cost-of-living bonus, already enjoying substantial protection against their increased cost-of-living and their new taxes.

Second, that no labor-wages policy should seek to relieve any group in the community from bearing a fair share of the general burden of sacrifice.

Third, that no cost-of-living bonuses or wage increases should be paid to enable any group to cover increased war taxation. War taxes must be paid and war loan bonds bought by sacrifice. Technically, the present cost-of-living index is faulty in this respect since it is increased by new war taxes, which the bonus will enable workers to "pass on."

Fourth, that, as the war goes on, the sacrifices that will be demanded of the nation will grow beyond present calculations. It is beyond the wit of man to devise a system for fighting war at a profit. The sacrifices will have to be generally shared.

A Ministry of Economics?

Two newspapers that often think alike on matters of government policy, the Ottawa Journal and the Winnipeg Free Press, are urging the establishment of a Ministry of Economics. Its duty would be to co-ordinate all the numerous committees and boards at Ottawa that now exercise authority in the field of economic control; over such matters as wages, prices, commodities, rentals, labor supply, monetary and taxation policy, etc. Both papers cite examples of apparent confusion of purpose between different agencies, each operating in its own field and too often without regard for the impact of its rulings on the operations of other agencies.

Theoretically, there is already machinery at Ottawa for co-ordinating the work of these different groups. There is an economic advisory committee, representative of many departments. There is still—on paper—a Wartime Requirements Board to plan economic phases of war supply and avoid confusion.

Actually, there is only such co-ordination and co-operation as is achieved when some of the wiser controllers and economic advisers get together voluntarily. Pressure of work makes such meetings less frequent than they should be.

It is difficult to give whole-hearted approval to the suggestion for a Ministry of Economics, much as we need a focal point for all the numerous economic controls. A ministry's value would depend very largely on the selection of the minister and, in turn, on his ability and authority to effectively co-ordinate the work of men who are often more interested in the solution of an immediate problem in their own sphere of activity than in the larger implications of their moves on the whole war effort. If setting up such a ministry merely meant that one of the existing ministers was to be given a new job, the situation might not be improved much.

The job would be second only, in power and importance, to that of the Prime Minister. Mr. King is not one to delegate lightly so much power and prestige.

If we had a war cabinet, composed of ministers freed from the harassing routine of departmental responsibilities, it would be possible to give one of its members responsibility for studying and co-ordinating all the economical phases of our war activities. But when we have not even got an inner group to programme our war effort, it is expecting a lot to ask the Government to get some purpose or programme into economic planning.

British Demand Better Planning

Winston Churchill continues to receive the full and enthusiastic support of the British people. But it is evident from editorials appearing in responsible British newspapers that there is widespread dissatisfaction with the way the war is being conducted by his Government.

The chief complaints seem to be, first, that there is no plan, no grand strategy of victory; secondly, that the army chiefs in particular continue to speak in terms of the last war with no adequate conception of blitzkrieg; thirdly, that there is no thorough organization of supply under an industrialist or furious driving agency.

The demands of the British press and of informed public opinion in the Old Country accounts for the suggestion for a small war cabinet composed of Britain's best brains gathered together solely for planning in the field of strategy and with no departmental routine duties attached.

That is what The Financial Post has urged in Canada since the beginning of the war. The same demand is being widely made in the United States.

In no one of the three countries—Canada, the United States or Great Britain—has there yet been a thoroughly realistic reorientation of political life to get health. In no one of the countries are political leaders willing to make the sacrifices in prestige and position that the common people are asked to make in terms of body, mind and money.

Saving Millions For the Taxpayer

Some of those people who talk about the profits Canadian industry is making on the war ought to visit a few of our munitions plants and see what is going on.

They would discover that our industrialists are slashing hundreds of millions off war costs, simply by utilizing technical methods that the heads of the fighting services and other government departments never heard of.

In one Canadian plant, a major operation in connection with a key tool of warfare is now being done in 12 hours. The specifications provided for it to be done in 24 hours. A new machine is being installed that will do the job in three hours.

Who benefits from this saving? The taxpayer.

In another plant the cost of machining one part for a vital piece of fighting equipment has been cut by $350. U.K. technical experts said it could not be done. But it has been done.

In another case, the specifications called for a forging of 52 pounds be machined down, laboriously and expensively, to 9 pounds. The Canadian plant now makes it from a 12 pound forging. The amount of waste metal to be tooled away has been cut from 43 to 3 pounds. The saving is enormous. The taxpayers of Britain and Canada gain the benefit.

In another plant, it cost $26 to produce a cast steel part with a life of 1,000 miles of service. Now a better quality of part is being produced at $6, with a guaranteed life of 5,000 miles.

One could cite hundreds of similar examples. The technical genius and resource of Canadian engineers and industrialists is getting war jobs done with less effort and much less cost.

The savings that are being effected amount to many times the total profits that industry may earn.

It is very doubtful if industry as a whole in Canada will make a margin of as much as 2% on war work, after taxes have been paid to the treasury. Whether or not this 2% margin will be sufficient to create reserves that will absorb the losses of the period of readjustment later remains to be seen.

There is always a lot of talk about the war profits of industry. What is more important than profits is the final cost of the materials of war. When industry is able to get essential work done at total costs that, in many cases, have been cut by 50% below existing British costs or the best estimates of the technicians of the fighting services, that is a fact of tremendous importance.

Editorials in Brief

The war is nearly two years old. The only British soil occupied by an enemy is the Channel Islands.

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The Midland Free Press says it is having difficulty in making two and two add up to four.

It reads in The Financial Post that wages are to be stabilized. And it reads in the press that railway workers are to get another $1.93 a week in the form of a cost-of-living bonus.

The Free Press regards the cost-of-living bonus as inflationary. It is right. But the point is that the Government is seeking, by the concession of a comparatively small, controlled measure of wage inflation, to check the uncontrollable inflation that would result from competitive, spiralling increases in hourly rates.

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The monthly bulletin, "Canada at War," published by the Director of Public Information, Ottawa, is a most helpful source of facts about Canada's war effort. It covers practically every phase of the contribution Canada is making. All citizens who have occasion to need such information from time to time should ask to be put on the mailing list.

In addition to the booklet, the Government publishes a smaller four-page summary that fits into one's passport book and which is designed chiefly to answer the sort of questions Americans ask.

One question that neither publication answers is the one now being asked by American isolationists: why British generals are calling for American man power when Canada, an active belligerent, does not see fit to adopt a scheme of selective service for overseas duty.

• • •

Conscription in Canada cannot be long deferred. Mr. King's appeal to people to stop talking about it is bound to fail.

Quite apart from the views of the Canadian people, we shall be forced into conscription by the increasing participation of the United States in the war. When that country begins to contribute man power for active service against the Germans—it won't be long now—it is virtually certain that the men will be chosen by draft. That is the American democratic tradition in such matters. Canada cannot wisely refrain from drafting its own men when the United States is conscripting man power.

It is likely that President Roosevelt will at some appropriate moment pass along a quiet tip to our Prime Minister along those lines. And everyone knows that Mr. King has great respect for the opinions and suggestions of the man who enjoys a privilege few of Mr. King's own cabinet associates share—that of calling Mr. King "Mackenzie."

• • •

We are asked, by some editors, to distinguish between the poor Russian peasants and their tyrant leaders. If we do that, then we must also distinguish between the German people and their tyrant leaders. The complications of such a sentimental practice might lead us to endless confusion. When two nations are at war with each other, then all the people of that one nation are at war with all the people of the other nation.

In every country the people who are articulate and forceful in shaping national policy seldom exceed about one fifth of the whole. They are apt to be very evenly divided in their policies and objectives. The remaining 80% go along with the group that has the strongest leaders; they acquiesce dumbly in the rule of the victor. But because of their acquiescence they must pay when mistakes are made just as they benefit when sound policies prevail.

Post-Scripts

Bits-Blitz

F. L. Jeckell has taken over a new job at the Department of Munitions and Supply. His responsibility will be to co-ordinate the newly-fledged "bits and pieces" programme. Under this the Government plans farming out new and existing war orders among smaller shops and plants throughout the Dominion in order to speed production.

Mr. Jeckell was born in Dawson City, Yukon. His father is now Commissioner for that territory. He attended school both in Victoria and Toronto. After a few months at university, however, his formal education came to an abrupt end and he went to work first for a brokerage house, then for the accounting firm of Oscar, Hudson in Toronto. He then linked up with Hardy and Badden, Trade Association specialists. When the war broke out he was manager of the company's Montreal office.

Anxious to do his bit in some capacity, he offered his services to the Government, in June, 1940. The first job he was given was the treasurership of Federal Aircraft, then in charge of Ralph Bell. When Bell moved to Ottawa as Director-General of Aircraft Production he took Mr. Jackell with him as his executive assistant.

This is the job he had been doing for over a year until he attracted the attention of Harry Carmichael, Director-General of Munitions, who is responsible for initiating the "bits and pieces" programme.

His new position will be to act as liaison officer for a corps of zone chairmen and officers scattered throughout the Dominion.

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"The Man in Charge"

McNeely DuBose, newly elected president of the Canadian Electrical Association, has one of the most responsible jobs in Canada's war set-up—looking after the power needs of the Aluminum Co. of Canada.

McNEELY DuBOSE

This quiet, unassuming engineer has been on the job 24 hours a day since the war started. One day he is in Arvida; the next day in Montreal. This goes on week in and week out, establishing for Mr. Dubose the unique, but not enviable honor of being Canada's leading long distance commuter.

Anyone personally acquainted with Mr. DuBose has little doubt of his origin. Though he has been away from his home territory for many years, he still speaks with a drawl which denotes his Southern birth. Born in Ashville, North Carolina, 49 years ago, he secured his technical education at the University of South Carolina and the North Carolina State College of Agriculture and Engineering.

Far fields looked green and McNeely DuBose's first job was on a power project in Spain. He was there when the last war broke out. He had considerable difficulty in getting out of the country and, after working his way through France, returned to the States. In 1916 he linked up with the Tallassee Power Co. When the United States entered the war he joined the army and returned to France.

After the war he became associated with the Aluminum Co. of America as a power engineer and in 1926 arrived in Arvida to take over management of Saguenay Power Co. It is rather interesting that he ran this company—one of the largest power producers in Canada—for 13 years without a title. He was only "the man in charge." Then in 1939 he was made general manager, a position to which he has been reappointed each year.

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McNeely DuBose has several assets which are of value to him, not only in his work with Saguenay Power Co., but also as head of Canadian Electrical Association. He has a thorough technical grounding and is highly regarded by his confreres in the power business. His French surname and Scottish Christian name are also helpful, especially in Quebec where many French-Canadians boast of their Scottish-French ancestry. Moreover he speaks fluently French and Spanish and has a working knowledge of German, in addition to his native tongue of English.

Though Mr. DuBose has his hands full at this time, he will find time to fill ably the post of president of the C. E. A., for he is not the type to take on a job unless he is confident of being able to handle it.

If there is one weakness in Mr. DuBose's set-up it is his fondness for bridge which even his best friends say he does not play very expertly. But as an engineer they rate him "aces high."

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Feminine Diplomat

Hitler's sudden move against Russia recently came as no surprise to one observant Canadian, Mary Craig McGeachy, probably this country's first woman diplomat and certainly the only one ever attached to a British Embassy.

CRAIG McGEACHY

Not long ago Craig McGeachy arrived in Washington from London to join the staff of Lord Halifax as Public Relations Representative of the British Ministry of Economic Warfare.

Special job of this Ministry, of course, is to enforce the blockade against Germany. With, up to last week, a large part of Germany's eastern back door wide open that was admittedly a big job and the average person might have jumped to the conclusion that it was impossible. Those responsible for the blockade, however, thought otherwise.

Pressure of the British blockade plus the critical internal transport system in Nazi-occupied Europe, it is asserted, has forced Hitler to break out in the East or venture on the high seas, in a desperate gamble to seize vital supplies. Hence the Russian war; hence the sharp increase in German shipping losses.

Economic Warfare is far reaching. It embraces every form of curtailing the enemy's access to supplies. It stands behind and often guides the fighting services. For instance, the ministry tells the R. A. F. what factories should be bombed and where they are. It lets the Navy know where to send its patrols to stop a vessel.

• • •

Miss McGeachy was born in Sarnia, Ontario, where her father was a minister of the Free Church of Scotland. A serious minded student, she quickly passed through public and high schools and graduated from the University of Toronto just about the time Western Europe was taking the inflation cure for the ills of the first Great War.

University students were among the worst sufferers and Miss McGeachy joined a group of Canadian graduates, who journeyed across the Atlantic to help keep university life there intact. From that work she naturally advanced to the staff of the League of Nations and from that again shortly after the outbreak of the present war into special duty with the British Civil Service.

Her League work took her all over Europe and she became an authority on the world supply of raw materials. This proved to be just about perfect training for her present war position, though it was undertaken with exactly the opposite intention. With the League, Miss McGeachy was hoping to set up machinery which would make war impossible. When she heard her first air-raid siren in blacked-out London, however, she knew that the change she had made was right and inevitable.

American newspaperwomen who have been making quite a fuss over Canada's first woman diplomat, describe her as very slender, very blonde, and blue-eyed. She lives at the Women's University Club in Washington, marvels at the floodlights, and still shrinks involuntarily when she hears any kind of a siren. She was in Canada recently on a short visit.

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Maritime Oilman

Kenneth Colin Irving is head of the Irving Oil Co., the firm which handles about one third of all the gasoline and much of the fuel oil sold in the eastern Maritime Provinces. This business he has built up largely since 1924.

Irving's interest in the automobile, and through it the gas and oil business, dates back to 1905. In that year, his father bought a Pierce-Arrow, one of the first automobiles to come to the little town of Buctouche, N.B., where Irving, Senior, ran a general trading business. In those days motoring was an adventure; roads were almost non-existent; and motor cars were always laid up for the winter months. Each winter the Pierce-Arrow was completely taken apart by the Irving family.

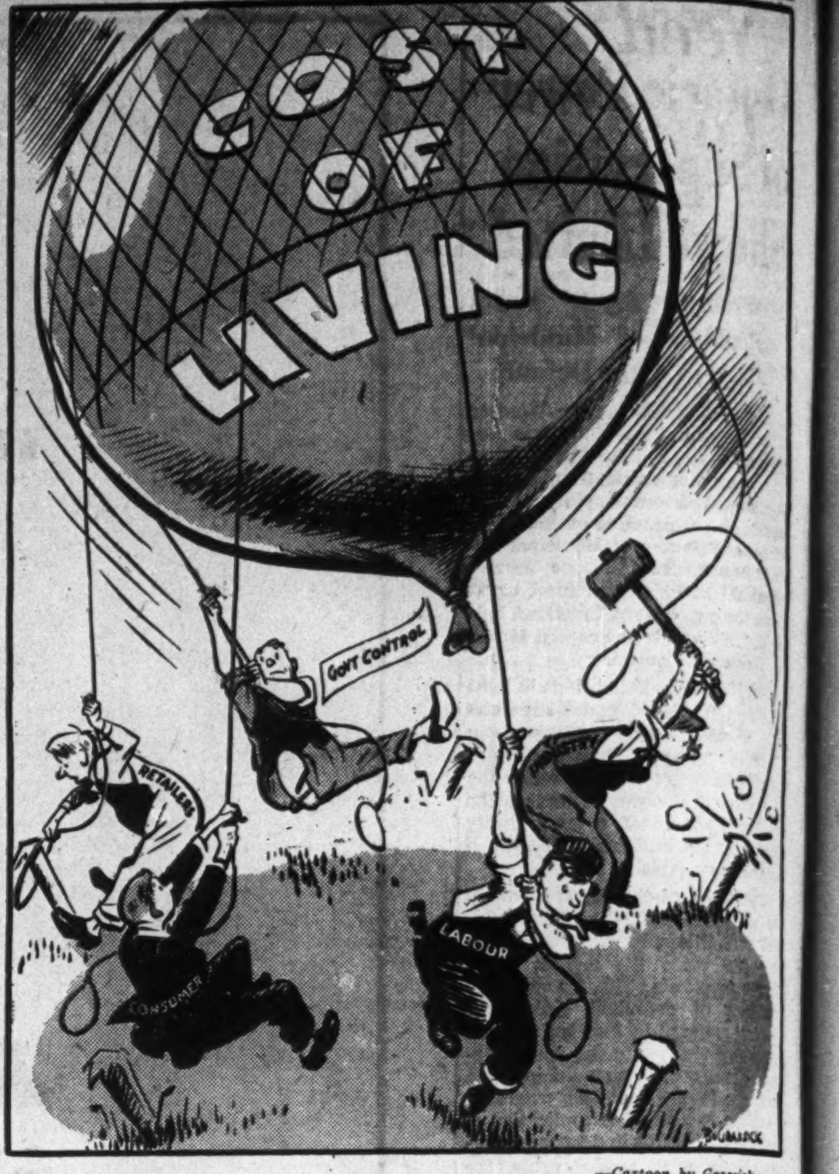
Partly to make it easier to get a supply of motor fuel for this Pierce-Arrow, gasoline was added to the multitude of lines already handled by the family general trading business. The gasoline business made slow headway and apparently was not regarded with any enthusiasm by most of the family.

The result was that it was eventually taken over by K. C. Irving as his own project and the predecessor to the present Irving Oil Co. started in 1924. Gasoline, kerosene and fuel oils are purchased under contract from Imperial Oil's refinery at Dartmouth and it is said that before the war Irving Oil's requirements took upward of 40% of the capacity of this refinery.

Irving Oil has pioneered in locating bulk storage stations at strategic points around the three provinces until today the company has 41 of these, almost all served by water from the company's own two small tankers. The secret of its successful competition with the several major companies operating in its territory appears to be ability to control distribution costs and the careful selection of locations for bulk stations has played an important part. Added to this should be Mr. Irving's energy and willingness to work harder than his competitors.

He has not confined himself exclusively to the gas and oil business. Reticent about his other interests, Irving admits that he holds substantial investments in numerous projects. Among these is New Brunswick's largest bus transport line, S. M. T. (Eastern), which covers the province and links with lines in Nova Scotia, Quebec and the United States. He was for some time a partner with F. J. Brennan, Saint John, in the investment firm of Irving, Brennan & Co. and through this association has placed capital in many of the projects which have been financed by the Brennan firm.

K. C. Irving served in the Royal Air Force in the last war. His liking for flying has persisted and for a few years he owned his own plane. This was used in his constant trips around the Maritimes but Mr. Irving never found time to take out a pilot's license of his own. The outbreak of war brought restrictions on his ability to move around by air.



—Cartoon by Grassick.

ALL HANDS TO THE JOB

Other People's Views . . . .

The Canadian Editorial of the Week

Politicians Might Sacrifice
Ottawa Citizen

Young men are exhorted by cabinet ministers to enlist, the people in common to make more sacrifices. It is little wonder that many people in the United States have an erroneous impression of the spirit of Canada in this war. The country is misrepresented by the limitations of party government.

One first real sacrifice has to be made in the Canadian hierarchy of politics. Mr. Lapointe said at the Parliament Hill recruiting assembly:

> Unless we on our side are ready to make great sacrifices for the salvation of our freedom, it will not be saved.

This willingness to make sacrifices must surely include some yielding of one political party's "closed-shop" hold on the Government of Canada. Some dispensable cabinet ministers must be willing to sacrifice the emoluments of office or the enjoyment of party power. The present Government at Ottawa must be ready to broaden away from party politics.

Canada should have a war cabinet. It would call for no great disturbance of the present seating of members on Parliament Hill. Prime Minister King could continue to lead the Liberal party so long as he is content to do so, and the people are willing. Mr. Lapointe could continue to sit with him. There should be a war council of five ministers, however, to meet in continuous session from day to day to give this nation the benefit of straightforward guidance on war policy.

When Canada is given this form of government for total war, free from the limitations of party politics, the goodwill of the Canadian people to serve in any capacity may be better allowed to manifest itself. Spectacles like last Tuesday's recruiting rally on Parliament Hill can be forgotten.

Canada is no craven. The Canadian people are willing to serve to the limit of sacrifice under total war. Sacrifice has to begin in some high places, however, by the setting aside of party politics.

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As Others See Us

A Fine Campaign
Edmonton Journal

It is something out of the ordinary for a newspaper to be told that it ought to deplore rather than rejoice over the growth of its city. That is what The Financial Post says about a recent article in the Journal, in which the approach of Edmonton to the 100,000 mark was referred to and hopefulness was expressed that it would show an accelerated growth once our population reached that point.

The Post editor observes:

> "Cities do not become more livable places as they grow in size. They become less and less attractive. Traffic congestion, noise, lack of neighborliness among citizens, crime, smoke, difficulty of finding good men for civic affairs—all these grow apace as cities expand."

It has to be recognized, of course, that growth entails disadvantages as a rule. But it is doubtful to say the least, despite the positiveness of The Post's language, if these outweigh the gains that development brings to a community. How many Torontonians, who lived in that city when it was a comparatively small place, would want to have it brought back to the conditions that prevailed there then, if that were possible?

The phrase "sprawling, crawling, metropolis" is of especial interest. Edmonton sprawled out altogether too much more than a quarter of a century ago and one of the chief boons to be derived from an increase in population will be its greater compactness. This will ease its problems of municipal government and lighten the burden of the average taxpayer materially.

In any case life is exceedingly pleasant here for most people at present. Those who are in Edmonton when it has 500,000 or 600,000 of a population are bound to have happy memories of "the good old days" we are now enjoying, even though the evils associated with large urban development which The Post foresees are avoided for the most part. They are not inevitable and it is up to us to resolve and to plan so that Edmonton may be spared them as it realizes its "manifest destiny."

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A Fine Campaign
Brampton Conservator

A few weeks ago we commented on the fine organization behind the Victory Loan Campaign, which made it possible to raise the largest sum in Canada's history at record low costs. We are glad to see The Financial Post take up the strain and comment on the same thing. "Success of the Victory Loan Campaign," says The Post, "was a triumph of organization. Months of capable planning by the 'general staff' under George W. Spinney, national chairman, produced a campaign that in its broad sweep and its attention to detail left little to criticize."

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Big Cities
Sudbury Star

One of western Canada's most thriving and expanding communities of the present is patting itself on the back over the fact that the city's population is nearing the 100,000-mark, with the objective within easy sight. The centre is Edmonton, the hub of a great expansion programme into the North West Territories, and the wordy back-patting was done by the Edmonton Journal.

The Toronto Financial Post takes exception to this accelerated growth and writes that the Journal should really write the fact in an undertone of regret rather than with enthusiastic anticipation. The Toronto business paper counsels the residents to pause and consider the fact that mere size does not contribute to the livability of a place.

While the warning is sounded toward the western metropolis, it is one which might well be heeded by residents of Sudbury, with rapid expansion along many lines, few of which are planned to make the Nickel City a place of beauty or one to be easily administered or served in the not distant future.

Cities do not become more livable places as they grow in size. They invariably become less and less attractive unless ample preparation and thought go into the planning of expansions.

• • •

Nailing Lies in U.S.A.
Swift Current Sun

The Financial Post of Toronto, toward which there should be no misconception that it is merely an organ of the big financial interests, is making a fine contribution in its recent dissemination or facts, far and wide, to nail to the mast that terribly ignorant lie being circulated by isolationists (and probably Nazi) groups in the United States, that while the U.S.A. "leases" and "lends" to Britain, Canada is making a tidy profit by its aid to Britain.

Nothing could be farther from the truth and is disproved in a thousand ways. Reprints of The Financial Post article are most likely going to the places most effective and it is not necessary for us here to go into the matter fully. It is pointed out, for instance, that in the period to March 31 last, Britain sent to Canada gold to the value of $250 millions; but what was sold for cash was American rather than Canadian goods.

The gold received by Canada from Great Britain was used for one purpose only: to cover a part of the cost of raw materials, machinery, etc., bought by Canada in cash from the United States in order to be converted into war materials for British account. Not one dollar of this gold—or "cash" was used to pay for material of Canadian origin.

Canada's own material contribution to the war is tremendous, taking 25% of our greatly expanded national income. It is pointed out Canada pays Britain for supplies delivered to our army overseas. Further, that after deducting Canada's purchases from Britain, and the various "invisible" items, Britain ran a deficit in Canada of $795 millions from the beginning of the war until March 31 last. These are only a very few facts brought out to nail such canards. Canada is assisting Britain to her utmost limits, there is no doubt of that.

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Sayings of the Week

"Once you become deaf to criticism—you also stop hearing applause."—*Walter Winchell.*

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"America is a country which talks out its problems in the open, where any man can hear them."—*Franklin D. Roosevelt.*

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"A human being who lives in a state of fear can never achieve any freedom of mind; he can never achieve any dignity of the soul."—*Sir Wilfrid Greene, before the Bar Association of San Francisco.*

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"We have but one aim, and one single, irrevocable purpose. We are resolved to destroy Hitler and every vestige of his Nazi régime; from this nothing will turn us—nothing!"—*Rt. Hon. Winston Churchill.*

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Stop Me If . . . . .

Forced to put on his brakes suddenly, the driver of the sports car found it shooting crabwise across the road, just missing a lamp-post before it stopped.

Up strolled a policeman.

"Well," he remarked genially, "you got a nice skid there, sir."

"Pardon me, officer," was the haughty reply; "this lady is my wife."

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Need Aid of Industries To Avert Coal Famine

By STAFF WRITER

OTTAWA.—Nation-wide co-operation by all industries big and small—to fill up available storage space with next winter's coal—is deemed essential to avoid a critical shortage this winter.

So say officials of Canada's wartime coal administration after sizing up the stock piles and pitheads from which comes the nation's fuel supply.

Since they undertook to "sell" industry and domestic users on the "buy now" policy early in June, the results have been very encouraging. Most of the big industrial users and many smaller concerns are co-operating. What officials hope is that the policy will be adopted by every user across the country, as good business equally for Canada, as an aid to the war effort, and for the buyer.

Coal prices will never be cheaper than they are today, certainly as long as the war lasts. Already rising costs of delivery, of materials, of miners' wages are starting prices upward. "Slack" prices in the U. S., for example, in the past 10 days have risen 40 to 45 cents a ton at the mine.

Higher Costs, Higher Prices

Ottawa expects much higher prices throughout the country. Costs are swelling. For example, labor to cut pit-props before the war was plentiful at $18 a month. Now it's hard to get even at $60.

On the statistical side some figures are illuminating.

In 1939 Canada imported about 11.5 million tons of bituminous coal from the U. S. In 1940, purchases rose to 13.5 millions. On the assumption that Canadian mines would produce an extra million tons this year, the authorities figured that we would still need another million tons from the U. S., over and above the big 1940 imports.

But due to the slowdown of output by mines in Cape Breton, Canadian mines will be hard pressed to produce as much as last year—let alone show a million ton increase. This means even greater imports from the United States.

It is physically impossible for Canada to store as much coal as this unless every possible ton that can be stored by individual consumers is laid away before October.

Canadian Output Off

One of the dark spots of the coal situation is that it could be infinitely brighter if all Canadian mines could be counted on to "pull their weight." Last year was a good one in the Canadian mines. They produced about 12.8 million tons of bituminous of which 7.5 millions came from the East, 5.3 millions from the West. This took place in the face of a certain volume of strikes, absenteeism and a "market" closure in the West due to overstockage.

Canadian mines could increase output to about 15.5 million tons for 1941, a gain of about 2.7 million tons or 21%.

Such production would largely solve the Canadian problem, and it could be achieved without operating the mines more than six days a week.

On the contrary, we have already lost 400,000 tons of eastern production due largely to the production slowdown, absenteeism, etc. There is considerable concern that the situation may grow worse before it grows better.

In the field of domestic supply the fuel administrators are putting the emphasis on Alberta coal to offset shorter supplies of British coal, and to ease the exchange problem involved in importing more U. S. coal. Letters are being sent to dealers throughout Northern Ontario urging the advantages of Alberta coal (on which the Government pays a bonus of $2.50).

In 1940 Alberta produced over two million tons of coal. By increasing employment of present staffs about 30% the production could be stepped up to three million tons. At least 500,000 tons would be available for Eastern consumers if the demand were there. Discriminate buying and proper use of Alberta coal can produce very effective heating results, it is claimed.

Scotch anthracite has largely disappeared this year, and Welsh blower coal supplies are down from a half to two thirds of normal. However, recent advertisements of the British Coal Corp. say there will be a considerable supply of other British coal sizes. Here again prices will be higher than a year ago, even in spite of a British subsidy.

The Week in Business

Current business continues in satisfactory volume. D. B. S. index of business activity for the week ended July 5 pulled slightly below previous week by bank clearings, but almost 7% above year ago.

Railway carloadings for week ended July 5 up 9% from corresponding week last year; total for year to date 15% higher.

Railway gross earnings higher for both roads in first week of July over last year. Total to July 7 up over 24% for C.N.R., 32% for C.P.R.

Newsprint production down 13% in June from 1940. Total for six months 1.2% lower.

Newsprint exports in May almost 11% lower in value than in 1940. Total for five months up 5.7%.

National income estimate by D. B. S. for May up $35 millions from same month last year.

Shoe production in May up 21% from year ago. Cumulative for five months 11% higher.

Trend of business shown by The Financial Post Business Index and following key factors, new items for the week being marked thus •.

TREND OF BUSINESS—	July 5	June 28	June 21	June 14	July 6/40
Weekly index of business. D.B.S.	112.4	113.7	113.5	113.3	103.4
Commodity prices index no.	90.3	90.4	89.8	89.3	82.2
	May	Apr.	Mar.	Feb.	Year Ago
The Financial Post business index	*150.3	147.9	150.7	152.5	136.2
•National Income, D.B.S.•	438.8	432.4	413.3	413.3	403.0
Retail sales index no.	134.5	135.3	129.3	130.5	113.7
Dept. stores sales index no.	129.6	133.3	124.9	126.1	108.1
Wholesale sales index no.	147.9	141.7	125.1	110.6	136.*
Country store (% change pr. yr.)	+8.8	+13.3	+5.5	+4.4	+8.5
EMPLOYMENT INDEX Nos., D.B.S.	May 1	Apr. 1	Mar. 1	Feb. 1	Year Ago
All industries	....	141.3	135.3	135.2	111.9
Manufacturing	....	158.2	150.8	147.4	123.4
Living costs weekly budget	$18.30	$18.23	$18.16	$18.13	$17.85
			Jan. 1 to date		%
RAILWAYS	1941	1940	1941	1940	Change
•Carloadings (week July 5)	56,938	51,907	1,554,678	1,351,840	+15.0
•C.N.R. gross (week July 7) $	5,417,055	4,725,996	147,132,543	118,407,547	+24.3
•C.P.R. gross (week July 7) $	4,035,000	3,232,000	103,875,000	78,618,000	+32.1
C.N.R. net revenue (May) $	7,788,841	3,511,934	25,279,769	10,638,876	+137.6
C.P.R. net revenue (May) $	4,181,819	2,464,383	15,851,390	9,712,951	+63.2
IRON AND STEEL—(May)—					
Pig iron production (tons)	113,624	93,254	513,238	460,971	+11.3
Steel ingots and castings prod. .... (tons)	206,110	174,417	961,272	792,033	+21.3
AUTOMOBILES—(Number)—					
Passenger Cars:					
Domestic sales* .. (May)	10,170	16,646	49,979	57,098	—12.5
Factory output ... (May)	9,840	12,677	56,661	63,547	—10.8
Trucks and Buses:					
Domestic sales* .. (May)	4,323	3,961	17,209	13,947	+23.4
Factory output .. (May)	16,745	8,600	70,457	29,435	+139.5
Financing:					
Used .... (May) $	6,811,637	5,388,290	22,766,612	16,542,214	+37.6
New .... (May $	5,295,969	5,041,701	18,905,977	15,632,374	+20.9
CONSTRUCTION—					
Contracts awarded . (June) $	85,747,500	39,097,000	215,466,600	125,435,500	+71.7
•Cement prod., bbls. (Apr.)	569,000	420,000	1,531,746	1,066,862	+43.6
AGRICULTURE—					
Flour prod., bbls. .. (May)	2,121,397	1,282,906	7,898,523	6,397,334	+23.4
Flour exp. bbls. .. (May)	1,340,258	722,595	3,710,788	3,242,698	+14.4
Wheat exp., bush. .. (May)	29,622,929	23,466,320	75,907,722	54,132,175	+40.2
Cattle sales▲ .... (June)	82,866	72,661	476,488	449,560	+5.9
Hog sales▲ .... (June)	401,232	324,187	3,011,409	2,323,432	+29.6
SEA FISHERIES—‡					
Catch, cwts. .... (May)	978,800	1,072,700	2,601,800	4,015,500	—33.2
Landed value ...... (May) $	2,044,600	1,720,000	4,721,230	4,561,900	+3.4
NEWSPRINT—					
•Production, tons ... (June)	273,697	315,343	1,621,134	1,641,987	—1.2
•Exports .... (May) $	12,572,000	14,061,000	56,489,357	53,390,845	+5.7
MINING AND OILS—					
Coal prod., tons .... (May)	1,198,255	1,267,687	7,233,211	7,104,896	+1.8
Coal import, tons ... (May)	1,303,690	2,372,411	3,567,819	4,313,023	—17.2
Gold rec., fine oz. . (May)	448,436	401,431	2,134,248	2,013,036	+6.0
Crude oil imp., gals.† (May)	199,517	147,775	460,563	393,344	+17.1
ELECTRIC POWER OUTPUT—(May)					
Total monthly, 1,000 kw.h.'s	2,805,394	2,671,567	13,172,325	12,389,620	+6.3
FOREIGN TRADE—•					
Imports .... (May)	128,095,970	100,536,837	530,360,701	405,395,950	+30.8
Exports .... (May)	162,662,639	110,763,647	572,567,943	442,089,373	+29.7
OTHER INDUSTRIAL FACTORS—					
Dressed lumber exp.: 1,000 bd. ft. ...... (May)	152,756	160,223	782,052	739,828	+5.7
•Shoes, prod., pr. . (May)	2,843,157	2,192,983	12,175,597	10,974,957	+11.0
Cotton consump., lb. (May)	16,502,650	17,754,952	82,704,476	81,222,127	+1.8
Raw rubber imp., lb. (May)	12,536,317	6,961,021	49,437,563	38,651,615	+27.9
Cigarette cons. No. † (May)	654,332	808,275	3,143,560	3,125,320	+0.5
Sugar manufactured . lb.§	102,412,562	107,509,859	365,993,288	383,849,627	—4.6
FINANCE—					
Bank debits† .... (May) $	3,265,872	3,339,595	14,569,469	14,320,105	+1.7
Bond sales† .... (May) $	115,118	480,684	433,334	1,098,017	—60.5
Life insurance sales (May) $	36,172,000	31,779,000	165,096,000	159,838,000	+3.3

*D.B.S. All Canada figure covering over 90% of the Canadian total.
‡Unrevised figures covering N.S., P.E.I., N.B., Que., B.C. *Final.
▲Total at yards and plants.
New items for week marked •
†000's omitted. §For four weeks to June 14. *Gold excluded.
•Millions of dollars.

PRESIDENT

Yvan Beausejour, district credit manager at Montreal of B. F. Goodrich Rubber Co. of Canada, was elected president for the coming year at the annual meeting of the Quebec division of the Canadian Credit Men's Association.

Phone Revenue Gains Sharply

Services Expand to Record Level — Long Distance Volume Up 18%

From Our Own Correspondent

MONTREAL. — Services of Bell Telephone Co. of Canada are continuing to expand. Net gain of 26,700 telephones operated from Jan. 1 to June 20 brought total installations to a record of 851,400 phones. This contrasts with a gain of 16,100 stations in the same period last year.

C. F. Sise, president, states that in addition to this expansion gain, volume of long distance calls rose by 18% over 1940 in the first five months of this year.

Changes in long-distance rates that went into effect at July 10 are expected to save telephone subscribers about $500,000 this year.

An increase in the current year's gross revenue over 1940, when $46.5 millions was earned, is regarded as highly probable. On the other hand the gain probably will be offset to a considerdable extent by adverse factors.

Taxation is becoming heavier as gross revenue increases. In 1940 this charge totalled $5.5 millions, an increase of $2.4 millions or 75% over 1939. It probably will be greater for 1941 because of the "excess" profits tax. Lower long-distance rates and higher costs of materials will also hold down net earnings.

The common shares earned $8.15 in 1940, against $8.05 in 1939.

Commodities

Advances Seen In Food Group

Hogs and Coffee at Higher Levels — Cotton and Rubber Up

Prices of commodities in the food group are tending upward due partly to the strong demand and partly to the bolstering of farm products prices by the Washington Government.

Hog markets again advanced, owing to the higher prices being paid for bacon for shipment to Britain. Coffee markets have been firm following announcement by Brazil of a minimum price schedule preventing prices going below a stated level.

In the industrial group, cotton was higher on news that weather in the south was favorable for development of weevils. Rubber was up slightly due to increased shipping costs.

	Latest week	Previous week	Same week last yr.
Cattle	$9.20	$9.25	9.25
Hogs	14.40	14.25	11.65
Copper, lb.	.12	.12	.11½
Cotton, lb.	.1618	.1545	.1068
Rubber, lb.	.2187	.2175	.2075
Silk, lb.	3.00½	3.00½	2.54½
Sugar, raw, lb. ...	.0345	.0345	.0270
Wheat, Man. (bu.)	.74⅝	.74⅜	.71⅜
Coffee, lb.	.09	.08¼	.05¼
Hides	.15	.15	.12½
Weekly Indices			
Canada (D.B.S.) ...	90.3	90.4	82.2
Do., Wood, Gundy	73.8	73.0	65.3
U. S. Labor	87.7	87.7	77.5
Dow Jones (future)	73.58	72.36	51.07
Fishers	95.1	94.3	82.5
Monthly Indices			
Canada (D.B.S.):			
Retail (June)* ...	110.5	109.4	104.9
W'sale (May)	88.5	86.6	82.2
U.S. (May)	84.9	83.2	78.4
Gt. Brit. (Apr.)	150.9	151.0	....

Note:—The base of indices is that 1926 equals 100. *Base 1935-39=100. The British index is Board of Trade converted to 1930 base.

Base of price quotations is as follows: Cattle—Steers, good, over 1,050 lb., top price, Toronto. Copper-electrolytic, New York. Silk—Crack db., 13-15 New York. Sugar—96 degrees centrifugal c/f New York. Wheat—No. 1 Man. North., Ft. W.-Pt. A. basis. Hides—No. 1 packer light.

Earnings of Railways Continue to Gain

Canadian Pacific Railway Co. reports gross earnings of $4 millions in the week ended July 7, an increase of $803,000 or 24.8% over 1940. Gross earnings in the year to July 7 amounted to $103.9 millions, an increase of $25.3 millions or 32.1% over the corresponding period last year.

Gross revenue of Canadian National Railways in the week ended July 7 totalled $5.4 millions, an increase of $691,059, or 14.6% over the same week last year.. Cumulative gross earnings in the year to July 7 totalled $147.1 millions, an increase of $28.7 millions, or 24.2% over the corresponding period last year.

See Living Bonus As Tax Booster

Property Owners Protest Proposed Payment to Civic Employees

Proposed cost-of-living bonuses for municipal employees would entail outlay equal to an extra mill in the Toronto tax rate, 1½ mills in Ottawa, according to current estimates.

The Property Owners' Association of Toronto has objected against the requested increase in that city. The association points out that the present wage schedule for civic employees was set in 1926-27, when the cost-of-living index was about 120. Pay cuts in 1933 have been restored. The cost-of-living index has not been at the 1926-27 level since, averaging 105.6 in 1940.

The association points out that policemen's and firemen's salaries in Toronto are the highest in Canada.

The association emphasizes that any increase made would be at the expense of property values, at a time when rental values are subject to control and income from property is taxed more heavily than any kind of earned income.

Suggests Williams-Taylor To Advise on Travel

By JOHN BAYNE MACLEAN

At the annual meeting of the American Bankers' Association, about 20 years ago, Sir Frederick Williams-Taylor was the chief guest speaker. The chairman, in introducing him, told that in some parts of Georgia were mocking birds who always stayed at home and never went North like their neighbors. The travellers always came back in the autumn with new tunes they had learned in Canada and elsewhere. The new tunes irritated the stay-at-home birds, and they persecuted the travellers.

Sir Frederick, the chairman said, had travelled much in Europe as well as in America; had very wide and varied experiences and understanding, and as many American bankers knew, he always brought interesting and helpful information to those who had the pleasure of meeting him privately and hearing him publicly.

Brought Millions to Canada

I found Sir Frederick equally well regarded among the leading financiers in Europe, and many millions, perhaps hundreds of millions, were invested in Canada after consultation with him.

I recall gossiping at Carlsbad in 1912 with a leading Jewish banker of Vienna. He had put $8 millions in Canadian securities after consultation with Sir Frederick, and, foreseeing the war (for which intensive preparations were just then getting under way), he wanted to get more millions over on this side. He was very much pleased with what he had already done, and he discussed future Canadian investments with me in anticipation of the arrival of Sir Frederick.

The press reports the recent return to Quebec of Sir Frederick. I do not know of anyone who could be of more real practical value at this time to the Government of Canada. If it were at all possible to get him, the Prime Minister should request him to visit Ottawa in an advisory capacity, particularly in connection with the relations of the Foreign Exchange Control Board, tax officials, customs, immigration and other departments, with American investors and travellers. Sir Frederick could give them "new tunes," in world experiences, so that they might better understand how to serve Canada in these critical times.

Injurious Regulations

I do not think we understand, for instance, how much unpopularity Canada has derived from our wartime travel regulations. Apart from my own extensive information, I have detailed reports of careful investigations made by others. In one case I have the report, covering four months' work from the Pacific to the Atlantic and also into Canada, of an experienced travel official of one of the leading bureaus. This I had confirmed by similar evidence from enquiries made by another U. S. concern which wanted to direct visitors to Canada. These reports were very unfavorable.

This is due to the lack of experience, knowledge and understanding of business matters on the part of certain of our ministers, not excluding the Prime Minister. They were no doubt advised by men in the public service, men of the highest character and with an unquestioned technical knowledge of finance, but hardly experts in public relations.

Control of Canadian "pleasure" travel, to conserve exchange, and with intelligent explanations in the United States as to the reasons, would seem to be very sound and necessary wartime policy. But officials are much too narrow in their definition of "pleasure" travel and the conservation of exchange is, in large measure, being more than offset by what we are losing through not having many unofficial ambassadors travelling in the U. S. and telling about Canada.

Two-way Travel Helps

Travel both ways will create an understanding of our position and bring, as it has in the past, millions of American savings to Canada for personal purchases, for the establishment of summer homes, for investment in securities, and for the establishment of branch industries. For these there is still opportunity. Travel is a business question and its promotion should be under the Department of Trade and Commerce, where the deputy minister, Dana L. Wilgress, is a man who has seen more of the world than most officials and has a sound, practical understanding of the problems involved. But above all, American travel to Canada and investment in Canada can best be promoted by the personal exchanges between the business leaders of both countries. Increased Canadian business travel in the United States would be more effective than propaganda by radio, speeches or the public press.

Sir Frederick Williams-Taylor could be most helpful in giving practical advice to the Government on problems of this character. I cannot, at the moment, think of anyone who could be more useful to us.

Can. Iron Runs At Capacity

Business to Date This Year is Ahead of 1940 — Costs Higher

From Our Own Correspondent

MONTREAL.—Plants of Canada Iron Foundries Ltd. continue to operate at capacity, The Financial Post is informed. Volume of business in the year to date is ahead of last year.

The company has experienced a wide demand for heavy machinery and rolling mill equipment for heavy industry.

Material and labor costs have risen. While the company has not granted cost-of-living bonuses, it has entered into contracts with employees' unions recognizing the upwar trend of living costs. These factors and increased taxation are expected to keep earnings at the level of preceding years.

Operating profit last year rose to $674,261 from $399,694 in 1939. Dividends from subsidiary companies increased to $302,700 from $115,270. After provision for income taxes, net profit amounted to $518,417, as against $367,093 in 1939.

Canadian Colonial Traffic Higher

From Our Own Correspondent

MONTREAL.—Traffic of Canadian Colonial Airways Ltd. in the current year is well ahead of last year, according to Alfred Hudson, sales manager.

The company's campaign by radio, publicity and personal calls to promote tourist traffic to Canada has yielded good results, Mr. Hudson states.

TRENDS IN THE FIELD OF INVESTMENT

Facilities for studying the frequent changes in the field of investment and the status of securities are available to this organization through its branches. These facilities are at the disposal of our clients at any of our offices.

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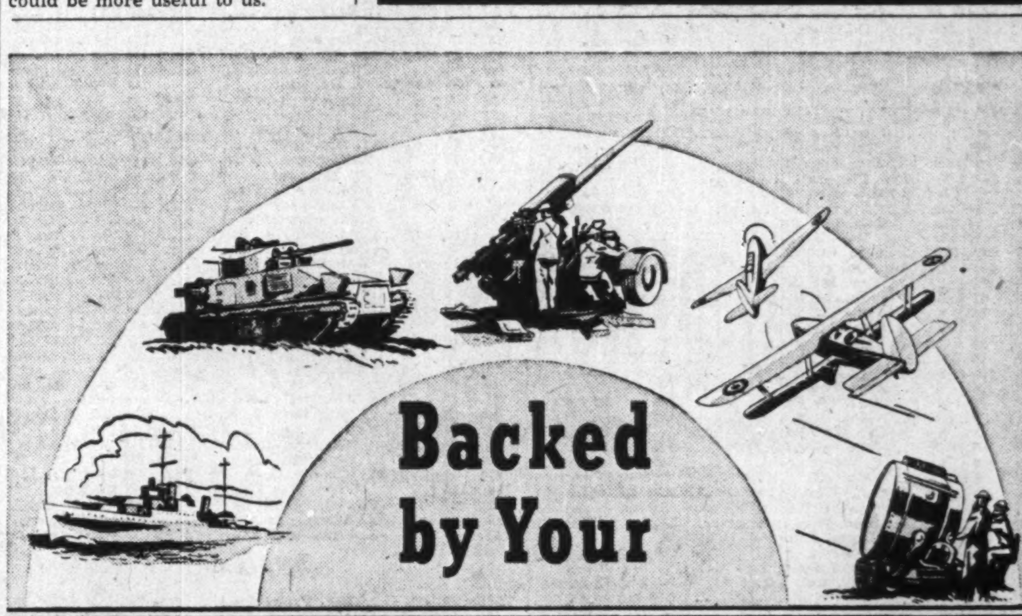

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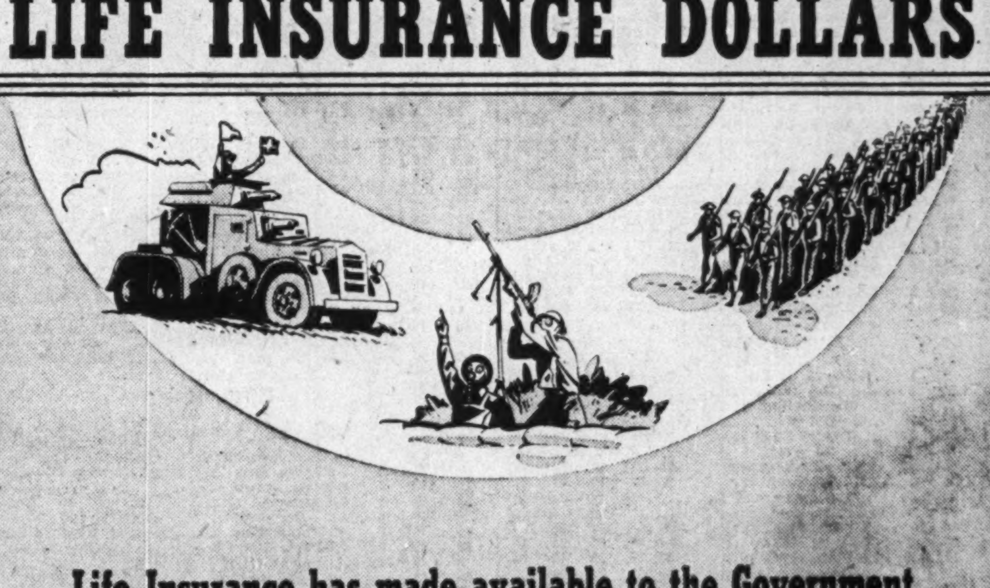

Life Insurance has made available to the Government more than 170 million dollars to help finance the purchase of tanks and planes, guns and munitions, and other tools of modern warfare.... In each of Canada's three war loans, life insurance has been the largest single subscriber.... These millions upon millions of life insurance dollars—the savings of thrifty Canadians—are today fighting dollars.... On the war front, they aid in the battle for national security and individual freedom.... On the home front, they guarantee financial security to thousands of Canadian homes....

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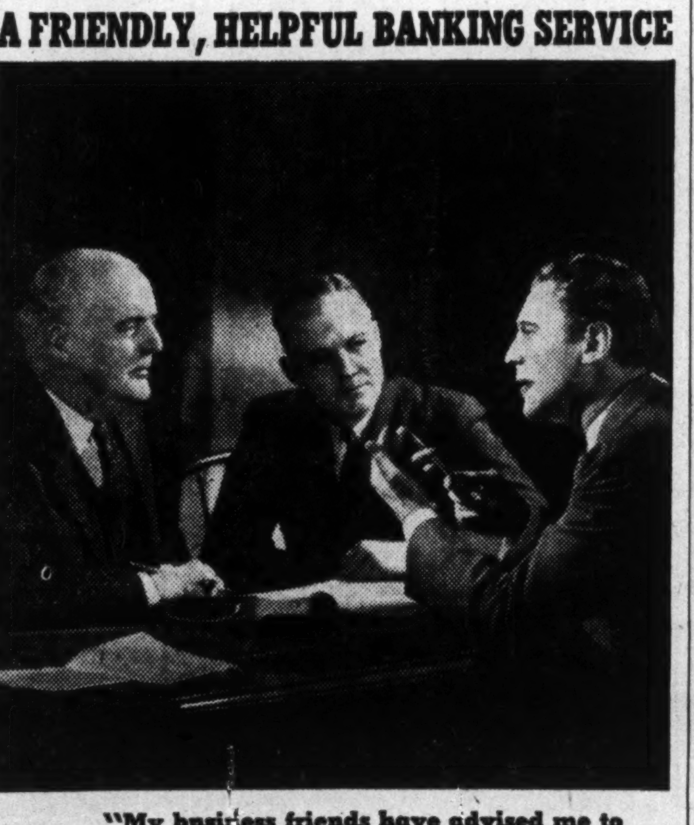

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THE WEEK'S QUOTATIONS

Toronto and Montreal Exchanges

The following table is confined to official prices for listed stocks, including curb market quotations. Where no transaction is recorded, bid and asked prices are given. For unlisted stocks, quotations by unlisted dealers are published. The Financial Post cannot accept any responsibility for such quotations.

WEEK ENDING JULY 14

Government Bonds

(Supplied by Investment Dealers' Assoc. of Canada)

Dominion Guarant'd Bonds
Can. Nat'l. Railways:

%	Due	Bid	Ask.	Approx. Yld.
2	Feb. '43	100¼	101¼	1.25
2½	Jan. '46	100¼	101¼	1.75
3	May '44	102¼	103¼	1.73
3	Dec. '50	98¾	99¾	3.03
3	Feb. '53	97¾	98¾	3.13
3	Jan. '59	96¼	97¼	3.18
*4½	Sept. '51	114¼	115¼	2.79
*4½	Feb. '56	114¼	115¼	3.19
4½	July '57	114¼	115¼	3.25

%	Due	Bid	Ask.	Approx. Yld.
*5	Dec. '60	118¼	123¼	3.55
5½	July '46	110	111¼	3.05
Ont. Hydro Commission:				
3	Aug. '48	98¼	99¾	3.04
3½	Feb. '53	99¾	100¾	b3.15
3½	Apr. '47	101¼	102¼	3.07
Prince Edward Island:				
3	Oct. '45	95	97	3.69
Quebec:				
3	Nov. '47	95	96¼	3.63
3½	Mar. '48	96	97½	3.69
3½	Mar. '59	91	93	4.06

%	Due	Bid	Ask.	Approx. Yld.
5½	Oct. '52	83	86	7.03
6	Mar. '52	88	91	7.11

*–Payable Can., N.Y. and £. b–Calculated to call date giving lowest possible yield. c–Payable Can. & N.Y. a–Payable N.Y. †–Callable on or after Sept. 15, 1966. d–Traded flat. Interest being paid at 50% of coupon rate, minimum rate 2%. e–Callable at a premium. ‡–N.Y. funds.

Unlisted Stocks

(Furnished by A. J. Pattison Jr. & Co., Toronto).

July 15, 1941

Industrials:	Bid	Ask.
Acme Farm., pf.	40	..
Andian National	28½	31
Anglo C Tel., A	7½	8
Atlas Steel	18	..
Barrymore, pfd.	29	..
B. C. Pulp, c.	10½	11½
Do., pfd.	63½	67
B. C. Sugar	70	73
B. C. Tel., 1st p.	111	114
Burns & Co., A	4¾	5½
Do., B	2¾	3½
Can. Co-op. Wl.	8	..
C. I. L., A c.	170	..
Do., pref.	160	163
Can. Ing. Rand.	73	77
Can. Col. Air.	2½	3½
Can. Wire & C. p	106	108
Can. Mot. L.A.B.	2¾	..
Can. Tube, 1st p	90	..
Can. West'ghouse	38	41
Chase, A. W., p.	18½	20
Claude Neon, p.	4½	5½
Colonial Steam.	17	20
Copeland Fl. un.	13½	14½
Dom. Manuf., p.	60	65
Dunlop T. p. $25	22	23½
East. Steel, pf.	..	20
Easy Wash. p $10	10	11
Goderich Elev.	6¾	7½
Guelph Carp., c.	18	21
Gurney Fdry., p	1	1½
Hayes Steel, c.	..	9
Hi'land Dairy, p.	48½	51
Homewood San.	100	120
Kingst. Ship. un	31	32
Loblaw Inc., c.	11	12½
Minn. & Ont. P. c	3½	3¾
M'row Screw, p.	100	
Do., com.	10½	12
Moirs, pfd.	18½	21½
Mt. Royal H., c.	2½	3¾

	Bid	Ask.
Morrison Br. un.	5	6½
N. B. Tel., c.	10	12½
Neilson, Wm., c.	9	..
Do., pfd.	100	..
N. Meth. Ldy. p	53	57
Ont. Tobacco, p.	17	20
Pac. C. Term., c.	9	10½
Prov. Paper, pfd.	100	101½
Ruddy, E. L., p.	22	25½
Quinte Milk	2	3
Stand. Fuel, p.	55	58
Stedman, pf. $50	56½	58
Sutton Horsley	1½	1¾
Tor. Carpet, c.	38	..
Do., pfd.	65	68
Un. F. Co-op.	2½	3½
Un. Steel A pf.	22½	24
Viceroy Mfg., p.	23½	..
Do., com	12½	..
Westons Hold.	3	..
Trusts & Loan Stocks:		
Brit. Mtge.	121½	130
Brockville Tr.	41	..
Capital Tr.	30	32½
Com. Fin., c.	2¾	3
Grey&Br. Tr. $50	44	46½
Guaranty Trust.	100	103
Guelph & O. $50	50½	53¾
Indust. Mtge.	25	..
Lambton Loan	30	33
London & West.	34	37
Midland Loan	14	15½
Premier Trust	..	58
Sherbrooke Tr.	120	
Sterling Trust	50	..
Traders Fin. A c	7	9
Do., A pfd.	79	82
Trusts & Gr. new	..	48
Victoria Trust	76	80
Insurance Stocks:		
Canada Life	390	405
Brit. Amer.	50	55

	Bid	Ask.
Canadian Fire	82½	..
Confed. 30% pd.	137	142
Continental L.	35	40
Crown, fully pd.	255	..
Dominion Fire	140	..
D. of Can. Gen.	114	120
Empire, 25% pd.	6	7
Excelsior 38% pd	71	73
Federal, 25% pd.	50	..
Great-West Life	190	202
Halifax Fire	13	14
Imperial Life	290	300
Manufac. Life	220	245
Monarch Life	32	35
National Life	25	27½
Sov. L. 25% pd.	14	..
Sun Life	290	310
Tor. General	4½	5½
Wellington Fire.	58	..
Western Assce.	41	44
Theatre Stocks:		
Allen's King. un	61	63
Do. St. Cath. un	52	..
Mansf. Theat. p.	28	31
Para. Kitch., p.	50	..
Do., Oshawa, c	7½	10
Investment Trust Shares:		
Can. Investors	4	5
Inv. Found. un.	42	45
Sec's. Hold., pf.	19	21
United Corp., A	19	21
Do., B	3¾	4¾
Power Issues:		
Can. W. N. Gas	26	..
Do., pfd.	102	104½
Gt. Lakes Pr., p	101	103
Int. Util. 1.75 p.	15	..
Do., $3.50 p.	34	..
Mtl. Is. Pwr., p.	40	..
Nor. Ont. Pr., p.	70	73

Unlisted Mines

Toronto, July 15, 1941

	Bid	Ask
Albany R (Old)	.03	.04½
(New)	.08	.11
Amal K	.06	.07
Anoki	.04	.05
Aquarius	.17	.20
Arjon	.04	.05
Armist	.18½	.20
Argosy	.07½	.08½
Area	.02½	.03

	Bid	Ask
E Lacoma	..	.01
E'ward	.42	.45
Elmos	.07	.09
Franco	.20	.30
Galore	.01	.02
Gan Cop	.05	.07
Gate P	.00¾	.01½
Gilbec	.00½	.01
H'ridge	..	.11
Hoyle n	.19	.21

	Bid	Ask
Mata C	.02½	.03½
Ma Con	.18	.21
McLell	.20	.22
McMar	.38	.40
MofH n	.01½	.02
Mooshla	.01	.02
Mosher	.05½	.06½
McMan	.01	.02
Nat Mal	.27	.29

	Bid	Ask
Phoenix	.01	.02½
Polaris	.07	.10
Propri'y	3.20	3.40
Presdor	.05½	.06
Queb M	.08	.10
Rahn La	.00½	.01
Rand M	.04½	.08
Red La	.01	.02
Ribago	.02½	.03

Oil Quotations

Par Val.	High	Low	Company	Sales	Close July 7 (or last)	High for week	Low for week	Close July 14
No	.05	.02	Mercury		(.04½ bid	.05½ asked)		
1	.19	.12	Mill City Pete		(.03½ bid	.... asked)		
25c.	.05½	.04½	Model	800	(.04 bid	.... asked)		
1	.05	.04	National Pete		.13½	.16	.15	.16
No	.75	.40	Nordon		(.... bid	.... asked)		
No	.04	.02	Okalta		(.... bid	.... asked)		
1	.26	.19	Pacalta Oil	600	.40	.50	.50	.50
No	.15	.06½	Pacific Petroleums		(.02½ bid	.... asked)		
No	.10½	.06	Royal Canadian	3,000	(.15 bid	.20 asked)		
No	22.00	17.12	Royal Crest		.06½	.06½	.06½	.06½
No	.01¼	.01½	Royalite		(.... bid	.06 asked)		
No	.25	.10	South End		(.... bid	21.50 asked)		
1	.05½	.02½	Southwest Pete		(.... bid	.... asked)		
25c.	.14	.10	Spooner		(.10 bid	.... asked)		
No	.04½	.03	Sunset Oil		(.03½ bid	.... asked)		
No	.04½	.03	United		(.09 bid	.... asked)		
1	.38½	.20	Vanalta		(.03 bid	.... asked)		
			Vulcan		(.03 bid	.... asked)		
					(.24 bid	.35 asked)		

*Quotations for 1940

Winnipeg Stocks

(Transactions from July 7 to July 12)

	Sales	High for period.	Low for period	Close July 12
Canadian Indemnity	30	155.00	155.00	155.00
Dominion Envelope, c.	10	8.00	8.00	8.00
Home Investment	20	15.50	15.00	15.50
Monarch Life	20	35.00	34.50	35.00
Northern Trusts	10	7.00	7.00	7.00
United Grain Growers	24	10.75	10.50	10.50
Western Breweries	100	1.65	1.65	1.65
Wingold	7,300	.09	.08¾	.08¾

Stocks Not Traded in During Week*

	Bid	Asked
Beaver Fire	75	
Beav. Lumber, c.	3¾	5
Beav. Lumber, p	..	105
Can Airways	1	
Cres. Cream., pf.	11	15
Corr. P. Box, c.	[illegible]	[illegible]
Fed. Grain, c	.35	.50

	Bid	Asked
Fed. Grain, pf.	30	32
Nor. Can. Mtg. p.	5	
Traders Bldg.	43	
West. Steel	7	8
West. Grain, p.	..	9
Wings vot. tr.	.35	..

*Stocks more active on other exchanges not included.

Volume of Stock Sales

	Montreal Markets Indust.	Montreal Markets Mines	Toronto Markets Ind. & Mines	Vancouver Markets Ind. & Mines
July 15	5,100	8,800	176,000	
July 14	4,000	7,900	138,000	....
July 12	3,100	2,900	89,000	7,250
July 11	11,200	8,900	215,000	5,050
July 10	8,800	12,600	219,000	7,575
July 9	19,000	10,800	330,000	7,885
				8,319

West Can. Hydro, p.	11	11½	11
West Life, 10% p.	8¾	9¾	9

*Issue carries arrears.
†Currently paying on arrears.

Municipal Bonds

July 13, 1941

	%	Due	Bid	Asked
†Halifax	5	1961	111.00	113.50
Hamilton	5	1950	111.00	113.50
Montreal	5	1945	94.00	96.50
Ottawa	4½	1945	105.00	107.50
†Quebec	5	1959	104.00	107.00
Saint John	5	1950	100.00	103.00
†Toronto	4½	1955	110.00	112.50
†Vancouver	5	1950	100.00	102.00
Winnipeg	5	1944	102.00	104.00

†Payable Can. and N.Y.

Investment Trusts

	Bid	Asked
Affiliated Funds	2.43	2.66
Can. Amer. Trust	2.60	3.05
Can. Inter. Trust	4.00	4.75
Can. Invest. Fund	3.20	3.55
Corporate Investors	5.39	5.80

Annual Meetings

1941 Company	Place
July 17—Standard Radio*	Toronto
July 18—Brown Oil Corp.	Calgary
July 29—Dom. & Anglo Invest.	Toronto

*Special and annual.

Dividends Declared

	This payment	Date payable	Date of record
Ault & Wiborg, p.	$1.37½	Aug. 1	July 15
Ang. Can. Tele., p.	68¾c	Aug. 1	July 15
Anglo Huronian	10c	July 31	July 16
Agnew Surpass	40c	Sept. 2	Aug. 15
Do., extra	20c	Sept. 2	Aug. 15
Do., pref.	$1.75	Oct. 1	Sept. 15
Avalon Tele., pf.	87½c	July 2	June 15
Do., 6% pref.	75c	July 2	June 15
Beatty Bros. 1st pf.	$1.50	Aug. 1	July 15
Bk. of Toronto	$2.50	Sept. 2	Aug 15
Blue Ribbon, pf.	62½c	Aug. 1	July 28
Bathurst P. & P., A	25c	Sept. 1	Aug. 15
Buff. Ankerite	10c	Aug. 1	July 25
Bertram & Sons	15c	Aug. 15	Aug. 1
Broulan Porc.	3c	July 24	June 30
Can. Industries A B	$1.50	July 31	June 30
Can. Bk. Commerce	$2	Aug. 1	June 30
Can. Converters	50c	July 31	June 30
Canadian Oil, c.	12½	Aug. 15	Aug. 1
Do., extra	12½	Aug. 15	Aug. 1
Can. Pac. Rly., pref.	2%	Aug. 1	July 1
Can. Nor. Power	■25c	July 25	June 30
Can. Bronze	37½c	Aug. 1	July 21
Do., pref.	$1.25	Aug. 1	July 21
Can. South. Rly	$1.50	Aug. 1	June 30
Coniagas Mines	5c	Aug. 8	July 24
Coast Brew.	3c	July 31	July 17
Calgary Power, pf.	$1.50	Aug. 1	July 15
Can. Am. Tr. shs. 2nd	8c	July 2	......
Can. Invest. Fund	5c	Aug. 1	July 15
Can. Investors	10c	Aug. 1	July 18
Commoil	1c	Aug. 29	Aug. 15
Distillers Seag., p.	†$1.25	Aug. 1	July 17
Dom.&Ang. Inv. p	$1.25	Sept. 1	Aug. 15
Dom. Tar & C., p.	$1.37½	Aug. 1	July 12
Dom. Scott. Inv., pf	■50c	Sept. 1	Aug. 20
Dominion Bank	$2.50	Aug. 1	July 19
Dom. Oilcloth	30c	July 31	July 15
Do., extra	10c	July 31	July 15
Dome Mines	■50c	July 21	June 30
General Trust, pf.	$1.25	July 15	June 30
Grandview Mines	†1c	Aug. 10	July 15
Humberstone Shoe	25c	Aug. 1	July 15
Hyd. El. Secs. B, p.	25c	Aug. 1	July 15
Highland Dairy, p.	$2.50	July 30	June 24
Imperial Bank	$2.50	Aug. 1	June 30
Inter. Metal, pf.	$1.50	Aug. 1	July 15
Do., pref. A	$1.50	Aug. 1	July 15
Inter. Nickel, pf.	†$1.75	Aug. 1	July 2
Inter. Util. $3.50 p	†87½c	Aug. 1	July 23
Kerr-Addison	5c	Aug. 28	Aug. 7
Kootenay Belle	2c	July 22	July 15
Leitch Gold	2c	Aug. 15	July 31
McIntyre Porc.	55½c	Sept. 2	Aug. 1
Montreal Power	38c	July 31	June 30
Malartic Gold	▲5c	Aug. 1	July 2
Nor. Mortgage	50c	July 15	July 12
Nat. Biscuit, c.	†40c	Oct. 15	Sept. 16
Do., pref.	†$1.75	Aug. 30	Aug. 15
North. Ont. Power	20c	July 25	June 30
Do., pref.	$1.50	July 25	June 30
O'Brien Gold	5c	July 31	July 10
Pend Oreille	†6c	July 28	June 27
Privateer Mine	3c	Aug. 10	July 25
Do., extra	1c	Aug. 10	July 25
Penmans	75c	Aug. 15	Aug. 5
Do., pref.	$1.50	Aug. 1	July 21
Prov. Transport	20c	Aug. 15	Aug. 5
Quebec Power	25c	Aug. 25	July 22
Rolland Paper	15c	Aug. 15	Aug. 5
Do., pref.	$1.50	Sept. 2	Aug. 15
Saguenay Pwr., p.	$1.37½	Aug. 1	July 15
Simpsons, pref.	$1.62½	Aug. 1	July 18
South. Can. Pwr.	■20c	Aug. 15	July 31
Steel of Can.	75c	Aug. 1	July 7
Do., pref.	75c	Aug. 1	July 7
Shaw. W. & Pr.	23c	Aug. 25	July 24
Silbak Premier	4c	July 25	July 5
Stand. Chemical	75c	July 30	June 30
St. Law. Flour	25c	Aug. 1	July 19
Do., pref.	$1.75	Aug. 1	July 19
Toburn Gold	3c	Aug. 22	July 22
Do., extra	1c	Aug. 22	July 22
Union Gas	20c	Sept. 15	Aug. 20
United Fuel, p.	75c	Oct. 1	Sept. 20
United Corp. A	38c	Aug. 15	July 31
Wood, A. & J., pfd.	$1.75	Aug. 1	July 16
Walker-Good.	$1	Sept. 15	Aug. 22
Do., pref.	25c	Sept. 15	Aug. 22
Weston, Geo., pref.	$1.25	Aug. 1	July 15
Willson Stat., pfd.	$1.25	Oct. 15	Sept. 30
Zellers, com.	■20c	Aug. 1	July 15
Do., pref.	■37½c	Aug. 1	July 15

†Payable in U. S. funds.
■Subject to approval of Foreign Exchange Control Board.
▲Initial.

Mining Dividends

	Rate	Close July 14	Yield %
Anglo-Huronian	10c	2.50	..
Aunor Gold	▲8c	1.93	..
Beattie Gold	16c	1.07	14.9
Bralorne	80c+40c	10.12	*11.9
Broulan Porc.	12c	.84	14.3
Buffalo Ankerite	▲20c	4.45	..
Bulolo Gold	$3	14.50	20.7
Can. Malartic	8c	.55	14.5
Cariboo Gold	16c+8c	2.25	*10.6
Central Patricia	16c+6c	1.80	*12.2
Chesterville	5c	1.40	..
Cochenour Willans	3c	.70	..
Coniagas	▲17½c	1.50	..
Coniaurum	16c	1.35	11.8
Cons. Smelters	$1+$1.50	39.00	*6.4
Delnite	‡6c	.75	8
Dome Mines	$2	24.25	8.2
East Malartic	‡30c	2.21	13.5
Falconbridge	▲10	2.90	..
Francoeur Gold	‡3c	.42	..
Goldale	‡2c	.12	..
Gold Belt	▲2c	.23	..
Grandview	▲1½c	.15	..
Gunnar Gold	6c	.25	..
Hallnor	60c	3.95	15.2
Hard Rock	▲5c	.78	..
Hedley Mascot	▲4c	.50	..
Hollinger	65c+45c	12.63	*8.7
Howey Gold	2c	.22½	..
Hudson Bay	‡$2	27.25	7.3
Inspiration	†2c	.27	..
Inter. Nickel, com.	$2	34.50	5.8
Island Mountain	▲8c	.90	..
Jason	†2c	.42	..
Kerr Addison	▲22c	4.30	..
Kerr Lake	‡10c	.30	..
Kirkland Lake	10c+2c	.74	*16.2
Kootenay Belle	▲6c	.25	..
Lamaque Gold	40c+15c	4.55	*12.1
Lake Shore	$1.40	15.87	8.8
Leitch	8c	.51	15.7
Little Long Lac	‡30c	1.95	..
Macassa	32c+3c	3.95	*8.9
Madsen R. Lake	6c	.73	..
Malartic Gold	‡5c	1.05	..
McGillvray Coal	‡3c+1c	.21	..
McKenzie Red L.	12c	1.05	11.4
Moneta	8c	.35	..
McIntyre-Porc.	$2.22+$1.11	51.00	*5.9
MacLeod-Cockshutt	‡20c	1.80	..
Naybob Gold	4c	.24	..
Negus	†5c	.65	..
Nipissing	15c	1.20	12.5
Noranda	$4	58.50	6.9
North Empire	▲20c	4.75	..
O'Brien Gold	‡10c	.85	..
Pamour Porc.	12c	1.07	11.2
Pato Cons.	20c+2c	2.50	8.8
Paymaster	‡1c	.17½	..
Pend Oreille	†6c	1.50	..
Perron Gold	16c+4c	1.44	*13.9
Pioneer, B.C.	40c	2.10	19
Pickle Crow	40c	3.00	13.3
Placer Develop.	$1.20	8.50	14.1
Premier	12c	.90	13.3
Preston E. Dome	20c+10c	3.20	*9.4
Privateer Mines	▲9c+3c	.54	..
Quebec Gold	‡2c	.22	..
Relief Arlington	‡5c	.02	..
San Antonio	14c+6c	2.45	*8.1
Sheep Creek	16c	.81	19.7
Sherritt Gordon	▲5c	.75	..
Sigma Mines	▲30c	7.30	..
Silbak Premier	16c	.80	20
Siscoe	▲4½c	.52	..
Sturgeon River	4c	.16	..
Sudbury Basin	▲2½c	1.40	..
Sullivan Cons.	▲5½c	.60	..
Surf Inlet	▲1c	.12	..
Sylvanite Gold	28c	2.56	..
Teck-Hughes	40c+5c	2.78	*16.1
Toburn	12c+5c	1.50	*11.3
Upper Canada	▲7c	1.98	..
Ventures	▲10c	4.15	..
Waite Amulet	10c	3.60	..
Wendigo	3c	.19	..
Wright-Harg.	40c+30c	3.90	*17.9
Ymir Yankee	2c	.05	..

*Yield including bonus. †Initial.
‡Paid in 1940.
▲Paid or declared payable in 1941 to date.

New Building

WAR PROJECTS

Large construction projects recently launched by contract awards of the Dept. of Munitions & Supply include:

Wellington Barracks, Halifax, permanent construction, $700,000; wood construction, $219,000.

Petawawa Military Camp, surfacing roads, $50,000.

Reported by Engineering & Contract Record:

Allied War Supplies Corp. is having site cleared for new plant near Montreal, and general contract has been awarded.

Canadian National Railways has awarded general contract for grading and other work at Moncton, N.B.

Dept. of Munitions & Supply is considering a $2 millions shipyard project at Westmount, N.S., and a $350,000, nine-story addition to the Jackson Building, Ottawa, to provide extra office space for the Air Force.

Dom. Dept. of Public Works has let contract for dredging submersion pool at Halifax at estimated cost of $128,000.

City of Toronto has called tenders for first unit of $5.6 millions sewage disposal plant.

Dept of Munitions & Supply has let contracts for two seaplane hangars costing $100,000 at Botwood, Nfld.; for $370,000 seaplane base at R.C.A.F. station at Gaspé, Que.; and extension of R.C.A.F. stations at Bella Bella and Ucluelet, B.C.

Power Industry to Utilize Machine Shops on War Work

From Our Own Correspondent

MONTREAL.—Arrangements are now being completed by the Canadian power industry to use its surplus machine shop capacity on war work. This follows along similar lines adopted by the pulp and paper industry a few months ago. The latter shops are now producing war materials at an annual rate of $5 millions.

Practically every central station across the country has a well-equipped machine shop manned by expert machinists. These shops are not always fully employed and the Government has asked the power companies, through the Canadian Electrical Association, to make use of the equipment and personnel in the production of specialized type of war materials.

As these machine shops usually are well equipped with the latest type of machinery, there is little that they cannot do in the way of machining intricate parts, such as gun sights, etc.

Steps are now being taken to secure contracts of a type that can be expeditiously handled and it is anticipated that in the course of the next few weeks a large number of the shops will be engaged in war work.

No estimate has been prepared as to the amount of work which can be handled in the central station machine shops, but in view of their number, it is believed they can handle a larger volume of business than is now being done by the pulp and paper shops.

DIVIDEND NOTICES

The Canadian Bank of Commerce

Dividend No. 218

Notice is hereby given that a dividend of two per cent in Canadian funds on the paid-up capital stock of this Bank has been declared for the quarter ending 31st July, 1941, and that the same will be payable at the Bank and its Branches on and after Friday, 1st August next, to shareholders of record at the close of business on the 30th June, 1941. The Transfer Books will not be closed.

By Order of the Board.

A. E. ARSCOTT,
General Manager.

Toronto, 20th June, 1941.

The Dominion Bank

Dividend No. 235

Notice is hereby given that a dividend of two and one-half per cent upon the paid up Capital Stock of this Institution has been declared for the quarter ending 31st July, 1941. The dividend will be payable at the Head Office of the Bank and its Branches on and after Friday, the 1st day of August, 1941, to shareholders of record of the 19th July, 1941.

By Order of the Board.

ROBERT RAE,
General Manager.

Toronto, 12th June, 141.

The Bank of Toronto

Dividend No. 240

Notice is hereby given that a **Dividend of Two and One-Half** Percent, upon the Paid-Up Capital Stock of this Bank has been declared for the current quarter, and the same will be payable at the Bank and its Branches on and after the second day of September next, to shareholders of record on August 15th, 1941.

By Order of the Board.

F. H. MARSH,
General Manager.

Dividend Notice

COMMOIL LIMITED

NOTICE is hereby given that an Interim Dividend of 1c per share has been declared on the outstanding no par value shares of the Company, payable August 29th, 1941, to shareholders of record at the close of business, August 15th, 1941.

The transfer books of the Company will not be closed.

By Order of the Board.

G. J. McKAY,
Secretary.

July 8th, 1941.

Leitch Gold Mines Limited

(No Personal Liability)

DIVIDEND NO. 12

Notice is hereby given that a quarterly dividend of two cents per share has been declared by the Directors of this Company payable in Canadian funds on August 15th, 1941, to shareholders of record at close of business July 31st, 1941.

By order of the Board,

W. W. McBRIEN,
Secretary-Treasurer.

July 14th, 1941.

Quebec Power Company

NOTICE is hereby given that a dividend of twenty-five (25c)cents per share has been declared on the no par value common shares of the Company for the quarter ended June 30, payable August 25, to shareholders of record July 22, 1941.

By Order of the Board.

H. C. BUDDEN,
Secretary.

Montreal, July 8, 1941.

Privateer Mine Limited

Dividend No. 11

NOTICE is hereby given that a dividend of three cents (3c) per share plus an extra of one cent (1c) per share has been declared by the Directors of Privateer Mine Limited, payable in Canadian Funds, on the 10th day of August, 1941, to shareholders of record on the 25th day of July, 1941.

By Order of the Board.

W. S. LANE,
Secretary.

Vancouver, B.C.
July 11th, 1941.

KERR-ADDISON GOLD MINES LIMITED

(No Personal Liability)

INTERIM DIVIDEND NO. 7

Notice is hereby given that an interim dividend of five cents per share has been declared on the issued capital stock of the company, payable in Canadian funds on August 28th, 1941, to shareholders of record at the close of business on August 7th, 1941.

By Order of the Board.

G. A. CAVIN,
Secretary-Treasurer.

Toronto, Ontario,
July 8th, 1941.

Can. Industries Ltd.
A, B & Pfd.
Bought Sold Quoted
A. J. Pattison, Jr. & Co.
Royal Bank Bldg., Toronto
EL. 5101

Plans Drafted For 2 Towns

Eastview Tecumseh Proposals Announced — Two Defaults Left

Announcement of debt adjustment plans for the towns of Eastview and Tecumseh leaves Ontario with only two municipalities and two or three separate school boards to be straightened out financially.

Both of the new plans are temporary, cover arrears of interest on debt outstanding to Dec. 31, 1940, and provide for reduced payments to be made annually on Dec. 31, up to Dec. 31, 1945, when the finances of the two towns will be reviewed with the object of reaching a permanent arrangement.

Payment of arrears will take the form of a cash disbursement of 30% of the interest arrears to the end of 1940. These arrears will be reckoned at simple interest at contract rates. In the case of bonds which matured prior to the end of 1940, interest between the maturity date and Dec. 31, 1940, will be calculated at 4½%, and 30% of this amount, together with 30% of the contract rate up to maturity is to be paid.

To Apply Surpluses

Annual interest to Dec. 31, 1945, will be paid at the rate of 3¼% in the case of Eastview, 2½% for Tecumseh. Both towns will cancel any of their own debentures held in sinking fund, and will use the balance of sinking funds to purchase bonds for redemption in the open market. Surpluses acquired in the period of operation of the temporary plans will also be applied in this manner.

Approval of the two plans by two thirds of debenture holders will be followed by application to the Ontario Municipal Board for authorization to proceed.

Following acceptance of the plans, remaining defaulted municipalities in Ontario will be Sturgeon Falls and Hawkesbury. Arrangement of the finances of these is not looked for in the near future. Sturgeon Falls has been in difficulties for many years as a result of the closing of the Abitibi Power & Paper plant in Nov., 1930. Hawkesbury, in addition to municipal debts has overhanging approximately $220,000 of housing debts incurred in the early 1920's.

National Steel Board Reports

No Findings, Conciliation Board Says, as Government in Charge

From Our Own Correspondent

MONTREAL.—Majority report of a board of conciliation dealing with matters of dispute between National Steel Car Corp. and employees was of a negative character.

The report said no findings should be given at present regarding hours, wages and working conditions, nor should union recognition be dealt with at this time due to the fact that the plant was being operated by the Government controller.

The National Steel Car arena is not entirely quiet. The Steel Workers Organizing Committee has named a committee of three at the Hamilton plant of National Steel Car Corp. to negotiate with E. J. Brunning, Government controller at the plant, toward an agreement in the dispute between the company and union.

The union has announced negotiations between 24 department employees and union executives and Mr. Brunning have collapsed.

Cohen in Minority

Dealing with claims of "unjustifiable dismissals," conciliation report said, "the action of the controller would seem to dispose of this phase of the dispute."

The majority report was signed by Judge A. H. Fowler, Port Arthur, Ont., chairman and R. R. Evans, K.C., Hamilton, representative of the company. J. L. Cohen, K.C., Toronto, represented the men.

In his minority report Mr. Cohen declared appointment of a controller did not create any difficulty in regard to the question of union recognition. There was nothing, he said, to preclude the board from dealing with all phases of the dispute. He contended the vote of the employees, in which they expressed desire that the company recognize and deal with the union with a view to bringing about collective bargaining, should be recognized.

Controller in Charge

E. J. Brunning, associate director of the Munitions and Supply Dept., was named controller of the National Steel Car plant on April 29 by the Federal Government under authority of an Order-in-Council passed under the War Measures Act.

The appointment, together with assurance of reinstatement of George Tanner, local president of the Steel Workers Organizing Committee, a committee for industrial organizations affiliate, ended.

Mtl. Finances Are Stronger

Quebec Commission Control Results in Surplus of Over Million

From Our Own Correspondent

MONTREAL. — Since the provincial government took over management of the city Montreal has bolstered its financial position, the first financial report issued under Quebec Municipal Commission control reveals.

For the year ended April 30, Finance Director Roberge reports a surplus of $1.1 million.

The Quebec Government stepped in last May when the city defaulted on principal maturity of its debentures.

Original Budget Cut

Original budget for the past year, framed by the interned ex-Mayor Camillen Houde, called for deficit of $7 millions. The Commission revised the budget by cutting estimates and laying new taxation; took into revenue $1.3 million of previous surpluses.

Taking this surplus into account, revenue for the year ended April 30 is shown at $53.6 millions, and expenditure at $52.5 millions.

Relief From Revenue

Results for the year are made more favorable than indicated by inclusion of $1.6 million for direct unemployment relief in current outlay. This covers a 10-month period. In the past the municipality has funded the entire cost of relief.

The city suspended sinking fund installments during the year, by provincial edict, to make both ends meet, as well as declaring a moratorium on interest on its own bonds held in sinking fund.

To Drop Income Tax

Included in revenue for the year is $2.4 millions in personal income taxes, which, if Quebec accepts the Ilsley deal with Ottawa, will be dropped this year. In any case the tax will not be levied in 1942, as Quebec has announced its intention of dropping the levy.

Net debt was reported at $205.8 millions at the end of the year, a decline of $1.7 million from end of the previous year. Although the city defaulted on term maturities it has been meeting serial obligations. The banks have clamped down on borrowings and the city has not been able to borrow money on the open market, because of its impaired credit position. Hence the reduction in debt.

The city defaulted on $13.6 millions of loans during the year, all repayable in Canadian funds.

Sinking Fund Stopped

Because it has suspended sinking fund payments, deficit on the city's sinking fund amounted to $4.4 millions at the end of the year. Actual sinking fund deficit at April 30, 1941, was $2.3 millions, however, because of its previous standing.

Unemployment relief has accounted in a large measure for the city's financial plight, it is demonstrated by the financial summary. From October, 1930, to the end of the year, Montreal has spent $52.3 millions for this purpose, $50.7 millions of which has been financed by sale of long-term debentures. The last year was the first time relief has been met from current revenue.

The city, provincial government and bondholders' representatives are at present wrestling with the problem of default. It is expected that some plan for placing the Dominion's largest local government back on its feet will be evolved before the end of the year.

Week in Wheat

Farmers Speed Up Wheat Deliveries

Automatic Price Increase in Early July Brings Out Volume — Will Farmers Sell on Open Market Next Fall?

From Our Own Correspondent

WINNIPEG—Rate of farm deliveries of wheat to country elevators fell off during the first week of July, but is now again reaching a million bushels daily. The reason for the pause was that farmers who had held wheat so long were prepared to hold it a few days more until the wheat board basic price, including allowance for farm storage, advanced on July 9 from 75½ to 76 cents a bushel.

At most country points there is now sufficient space for some deliveries to be made by farmers. Many farmers are holding on to their wheat, either on farms or after it has been placed in elevator storage in the hope of being able to dispose of it on the open market at something above wheat board prices. On the highest grades this has not been possible for some time, but on lower grade wheat there is some advantage in price in favor of the open market.

Next Fall's Market

October wheat has been trading at from 7 to 8 cents higher than the 70 cent initial price for new crop wheat. If the new crop were moving now it is supposed that farmers would be fairly free sellers at such levels, instead of turning their wheat over to the Board. Comparatively few of them, however, have been taking advantage of the present situation to sell their wheat in advance.

There is a good deal of discussion as to whether or not the open market can maintain such a spread over the wheat board basis. Those who doubt this possibility point to the narrow demand on the open market, now almost entirely coming from purchases of Canadian mills for domestic account. Against that it must be remembered that offerings of new crop wheat will necessarily be limited by the restrictions placed on new crop deliveries by the quota system, and by the physical limitations of storage space. Moreover, it cannot be assumed that farmers will be insistent sellers of their early deliveries.

* * *

Not So Hard Up

Farmers need for immediate cash will be lessened by the fact that they have been deriving an exceptionally large wheat income for this season of the year from delayed deliveries of last year's crop. Again the distribution among them of some 35 million dollars or so, in the way of bonuses for transfer of wheat land to other use, provides an unusual source of cash income. Not until some months after harvest will they begin to experience the full impact of a restricted wheat income, due to reduced delivery quotas now in force. The possibility, therefore, cannot be ruled out of purchasers having to bid fairly strongly to persuade farmers to part with their wheat when the new crop begins to move.

* * *

Market Paradox

The market continues to record the apparently absurd condition under which poor wheat can be worth more than good wheat. Wheat grading No. 5 and 6 is actually selling for more than grades No. 3 and 4 and for almost as much as No. 1 Northern. The reason is that such grades treated by United States customs regulations as not suitable for flour milling and fit only for livestock feed are admitted to that country at a comparatively low rate of duty, as against the prohibitive rate.

* * *

Wheat Conference

From Our Own Correspondent

WASHINGTON.—How to dispose of another wheat crop of about the same size as last year is a problem which up to time of writing the International Wheat Advisory Committee meeting here has been unable to solve. The conference, called by the United States Government, was attended by representatives from Canada, Argentina, Australia, the United Kingdom and the United States, only five out of about 20 nations formerly included in the committee. With all Europe except the British Isles closed as a wheat market by the war, these countries will have to find ways of disposing of their wheat elsewhere.

War Housing Projects Now Cover 19 Centres

Emergency housing projects of Wartime Housing Ltd., to abate shortages of accommodation in centres of war activity, will soon be under way in 19 centres from the Atlantic to the Great Lakes. Total commitments of the Government company at these points now stand at approximately $9.5 millions, it is revealed in a bulletin of the Department of Munitions and Supply.

Already construction work is under way on more than 2,000 houses, staff houses and other accommodation in 10 places from Halifax to Fort William. In addition, a contract was recently awarded for 150 houses at Parry Sound and Nobel, Ont.; the project at Hamilton, Ont., is being extended; and new projects are being initiated shortly at seven points—Kingston, Oshawa, Frankford, Hull, Valleyfield, Quebec City, and Amherst, N.S.

Problem of Supply

The bulletin reports that the scope of operations has assumed such proportions that problems have arisen in obtaining materials. Houses of three different types with four styles of exterior finish are being built, and a variety of color schemes used to avoid sameness of appearance. The company is also erecting dormitory-type staff houses for workers without families.

Following are the centres where projects are under way or contracts awarded:

	Houses	Staff Houses
Halifax	900	*13
Hamilton	100	†
Windsor	300	..
St. Catharines; Merritton	175	..
Fort Erie	234	..
Welland	100	4
Fort William	50	2
Peterborough	82	..
Dundas, Ont.	46	..
Parry Sound, Nobel	150	..

* Also two commissary buildings.
† Men's centre accommodating about 500 men.

New Officers Directing Storms Contracting Co.

New officers of the Storms Contracting Co. of Toronto and affiliated concerns have been appointed to carry on operations of the companies in the absence on war service of D. H. Storms, president until recently. Mr. Storms has been appointed Lieutenant-Colonel and given command of the Third Battalion of Royal Canadian Engineers, which is to be organized to proceed overseas as soon as possible.

R. R. Evans of Hamilton has replaced Lieut-Col. Storms as president and general manager of the Storms firm, the Bituminous Spraying & Contracting Co., and the George S. Grant Construction Co. W. J. Harman and George S. Grant, associated with the companies for some years, will serve as joint managers.

Millers Aid Farms By $3 Feed Cut

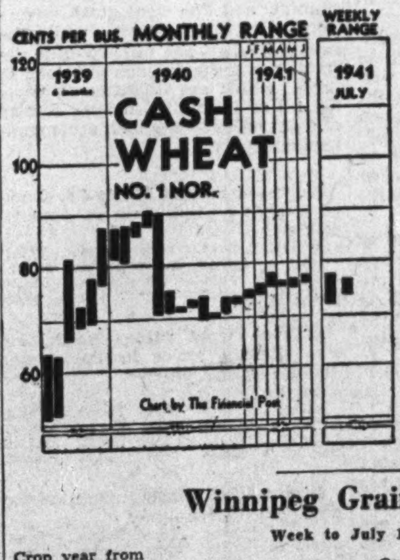
To Offer 30% of Millfeed Output Below Export Price

Under a recent order of the Wartime Prices and Trade Board, the Canadian milling industry will assist Canadian farmers by lowering millfeed prices $3 per ton under the export price. Entire cost of the price reduction is being borne by the millers.

For the months of July and August, millers will offer at least 30% of their production to Canadian farmers at a discount. Owing to deterioration of hay crops, U. S. demand has forced the domestic price up to the export level, about $28 a ton or $4 higher than a month or so ago. Normally, the beginning of July is the low point in millfeed prices, which might be $4 to $6 below the April or May figure.

The Ottawa order is aimed at reducing the feed flow to the U.S., ensuring adequate supplies of cheap feeds to maintain dairy and to some extent hog production. Lasting feed shortage is not anticipated as the supply of coarse grains from the 1941 crop will shortly be available, and the high rate of flour milling activity is steadily providing a much greater supply of millfeeds than usual. In view of the larger supplies available, no price rise would have occurred had it not been for the greatly increased output of dairy products and bacon in Canada and the U.S. and the short hay crop.

Wheat Prices



Cash Quotations

	For Week July 14 High	Low	Prev. Week High	Low
Wheat				
1 Hard	.76⅛	.74⅜	.77½	.71⅝
1 Nor.	.76⅛	.74⅜	.77½	.71⅝
2 Nor.	.73⅝	.72¼	.75	.69⅛
3 Nor.	.70⅞	.69⅞	.72	.66⅛
4 Nor.	.69⅞	.59⅞	.70¾	.64⅞
5 Wheat	.74⅞	.73¾	.72⅜	.64⅜
6 Wheat	.73⅜	.72¾	.71⅜	.63⅜
Feed	.65	.64¾	.65½	.59⅝
Oats:				
2 C. W.	.41⅛	.39½	.40¾	.39
3 C. W.	.39⅞	.36¾	.39⅛	.37¾
Barley:				
1 Feed	.56	.53⅞	.55¾	.52⅞
2 Feed	.54⅝	.52⅞	.54¾	.51⅞
Flax:				
1 C. W.	1.68¾	1.59	1.69	1.57
2 C. W.	1.66	1.55	1.65	1.54
Rye:				
2 C. W.	.57½	.55⅛	.56⅛	.55⅜

Winnipeg Grain Futures

Week to July 14, 1941

Crop year from Aug. 1, 1940 High	Low		Open July 8	High for week	Low for week	Close July 14	Close year ago
		Wheat					
.81⅜	.71⅜	July	.74⅝	.76⅞	[illegible]	.74¾	.71⅝
.79⅛	.73⅞	Oct.	.76⅞	.79⅛	.76¾	.76⅞	.73⅝
.80	.78	Dec.	.79¼	.80	.78⅛	.78⅜	.74⅝
		Oats					
.41½	.29½	July	.40⅞	.41⅛	.39½	.39⅛	.33¼
.36⅞	.30¾	Oct.	.35¾	.36¾	.35¾	.35¾	.28⅛
.34⅞	.33	Dec.	.33¾	.34⅝	.33½	.33½	.26⅛
		Barley					
.57½	.39⅞	July	.56	.57½	.55¼	.56⅛	.34½
.47½	.41⅛	Oct.	.46½	.47½	.46⅜	.46⅝	.36
.46	.44⅛	Dec.	.45¼	.45¾	.44¾	.44⅞	.36½
		Flax					
.92⅝	1.29½	July	1.67	1.68¾	1.59	1.59	1.28
.79¾	1.41¼	Oct.	1.53⅜	1.53⅛	1.49⅞	1.49⅞	1.31
1.53¼	1.45¾	Dec.	1.31½	1.53¼	1.47⅞	1.47⅞	...
		Rye					
.64⅛	.47⅞	July	.57	.58⅜	.55½	.55½	.46⅛
.61⅛	.50⅛	Oct.	.56	.57¾	.55⅜	.55½	.43⅞
.58	.53¼	Dec.	.55⅛	.57⅞	.55⅛	.55½	.44⅜

Egg Shortage Feared If Demand Persists

Last week's unseasonal heat wave in many parts of Canada brought a slump in egg-laying, helped intensify the danger of a serious egg shortage. Strong domestic demand is already diverting eggs from export and storage. Price rises this season have come unusually early with the prospect, say producer men, of lower egg peak price level being passed by Sept. 1, or two months before the normal period of rising prices ends.

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Week in Mining

Teck Barraute Claims Giving Encouragement

Pioneer Joins Teck and Hollinger in Carrying Out Drilling Programmes — Claims on Break Being Sought by Big Companies

Activity continues apace in Quebec's new Barraute-Carpentier field. Advices received from the area this week indicate that the Teck-Hughes showing is responding well under drilling although official confirmation is not available. Centrally located between Hollinger on the west and Pioneer on the east, the Teck-Hughes property is in many ways the key to exploration for the entire area.

Pioneer Gold Mines has now joined Teck-Hughes and Hollinger in the ranks of the diamond drillers. Following completion of the road into its Barrentier Mining Co. property, Pioneer set its drill to work. Nothing is available as yet on results of either the Pioneer drilling or that at Hollinger where drilling has been in progress for more than a week.

Representatives of large firms in the area are seeking claims along the break and considerable prospecting and sampling are going on through the entire area.

The Wright Question

Comments on the Wright-Hargreaves question have come to The Financial Post from many quarters. There seems to be universal agreement that shareholders were entitled to information much sooner than they received it; whether directors were selling stock or not is viewed as immaterial and perhaps irrelevant.

Featuring the statement of The Post of two weeks ago in black face type, Robert P. Vanderpoel of the Chicago Herald-American voices agreement with the sentiments expressed by this paper. Mr. Vanderpoel goes on to state that "Stockholders are complaining that this unfavorable development was kept from them while certain people unknown to them but presumably with inside knowledge were liquidating their holdings."

It hardly seems natural that Wright-Hargreaves stock would take the precipitous decline it did without informed selling and if other people had the knowledge, shareholders in general were entitled to it.

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Mineral Substitutes

A revolution in the manufacture of many metal articles is on the way. Already an increased stress is being laid on production of lead to take the place of zinc and aluminum wherever possible.

Some metals and non-metallics can be readily substituted for others while others have peculiar qualities which make them difficult to replace. For slate and several natural abrasives, not a single use has been developed for which some other material may not be employed. Contrasted with these materials is another group for which substitution is difficult or impossible. Mica for electrical insulation, fluorspar for open-hearth furnace flux, asbestos for certain fire-proof fabrics and diamonds used for dies in drawing fine wires are a few examples.

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Approve Kirkland Test

Shareholders of Murphy Mines this week approved the turning over of their company's property for 500,000 shares in a new company to be formed, known as Donore Mines. This will be equivalent to one Donore share for each eight shares of Murphy now held.

Approval of Upper Canada shareholders of the sale of three of their southern claims is all that is now necessary to ensure the carrying out a new mine test immediately south of Upper Canada in eastern Kirkland Lake. Robert Elliott has already approved sale of two Elliott claims for 250,000 Donore shares. The new company will start out with 1.1 million shares issued of an authorized capital of 2.5 million shares.

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Larder Gets New Shaft

Sinking a new shaft is now under way in the Larder Lake area. This is the shaft of Laguerre Gold Mines down around 40 ft. on its way to the 250-ft. horizon. Laguerre has had no great expense in providing equipment for sinking, much of it being available on the Raven River section of the property.

Diamond drilling carried out prior to the present shaft sinking programme outlined a wide ore zone containing medium ore values. Besides this section, the old Raven River mine is stated to still possess possibilities for development of a large tonnage of low-grade ore. This section will not be tested at present but the company may have another look at it some time in the future.

Senator-Rouyn Opens New Ore

Typical Ore Structure Disclosed in Work at 750-ft. Level

From Our Own Correspondent

ROUYN.—Drifting at the new 750-ft. level of Senator-Rouyn has now been carried 100 ft. to the west and 200 ft. to the east of the shaft along the footwall of the main ore zone. Typical ore structure duplicating that on the upper levels has been disclosed.

So far no slashing or drilling has been done to determine widths and grade. Face and car sampling of drift advance, however, are stated to have been corroborative of grade continuity in the footwall structure. Drifting is being continued with work to the east being carried on with a double shift.

To Drift at 625 Level

Preparations are now under way for drifting on the 625-ft. level. Crosscutting has been carried 60 ft. with 40 ft. to go to reach the ore zone. It is not likely that the 875-ft. level will be opened up while drifting is being carried out on the two levels above.

A raise is now half way up from the 250-ft. level to surface. A sub-level will be established at the 125-ft. horizon. The 250-ft. sub-level has been prepared for stoping but no further work will be done until the raise has been completed. An ore extension of 230 ft. has been exposed with car sampling running 0.439 oz. gold per ton. Widths up to 20 ft. are indicated.

A reduction in operating costs to $3.47 a ton was realized in the four weeks ended June 18, 1941. This compared with a high of $6.58 a ton in the four weeks ended April 22 when trucking of ore to the Arntfield mill was still being carried on.

Operating results have been as follows:

	Tons milled	Total recov.	Oper. profit	Profit per ton
Oct., 1940	*5,271	*41,260	17,938	3.40
Nov., 1940	†7,504	†67,651	30,694	4.09
Dec., 1940	7,943	71,911	28,879	3.73
Jan., 1941	7,544	51,466	12,055	1.61
Feb., 1941	7,149	51.418	11,467	1.60
Mar., 1941	6,704	64,100	23,859	3.56
4 Weeks ended:				
Apr. 22 1941	6,541	73,228	30,155	4.61
May 20, 1941	6,300	19,143	—10,562	—1.67
June 18, 1941	8,089	54,245	26,250	3.24
Total	63,045	494,423	170,735	2.70

*Oct. 15 to Nov. 4, 1940.
†Nov. 4 to 30, 1940.

Consideration is now being given to a programme of surface diamond drill exploration along the strike of the ore zone to the northwest and southeast. On the property adjoining to the west, drilling has indicated the westerly extension of the favorable diorite structures.

Milling is now going on at a rate of 275 tons daily. Absorption has been abnormally high—about $40,000—being mainly in solutions of the cyanide circuit. It is expected that normal production will be in effect in August.

Wright-Hargreaves Mine Needs Outside Survey

Shareholders of Wright-Hargreaves Mines are far from satisfied with the amount and detail of information on mine position made available by President Edwin Lang Miller in his recent interim statement. Beyond the bare announcement of lack of ore at depth due to "repeated faulting," shareholders feel they are still very much in the dark on how their mine stands.

It is now being pointed out that there has been a complete black-out of official ore information in the last two annual reports beyond the statement of ore reserves issued over the signature of Maurice W. Summerhayes, managing director and general manager. The absence of ore should have been known for two years, one of Canada's most distinguished mining engineers and executives pointed out to The Financial Post.

Lack of accurate information over an extended period does not inspire investor confidence. When a long official silence is broken to release highly unfavorable information—after a long market decline forces the issue—confidence is badly shaken to say the least.

In the Wright-Hargreaves situation, a detailed engineering and geological report on the mine position is now definitely needed. The management owes a further accounting to shareholders. Shareholders have a right to expect it. Many individuals purchased Wright-Hargreaves stock when it was declining on the market because they accepted the assurances of the management that the situation remained satisfactory; the least the management can do now is to tell them how they lost their money and what asset remains.

Any independent investigation of the Wright-Hargreaves mine situation must be backed by complete access to the mine records and mine workings. To get the whole truth, not just the mine situation at depth should be investigated but the entire mine position. Here are questions that any investigation should make a point of answering.

1. How far has "repeated faulting" been responsible for failure to so far find ore at depth?

2. How long has the lack of ore at depth been known? Was this situation known to the senior executives or any one on the staff prior to publication of the last annual report?

3. Is the estimate of ore reserves by Maurice W. Summerhayes to be regarded as conservative in character and likely to be substantiated in actual mining?

President Edwin Lang Miller states directors have not been sellers of the company's stock. In fact, outside of disposal of 100,000 shares by Wm. H. Wright, a director, in July, 1940, no directors' transactions appear on the transfer ledger since Aug. 3, 1939, when President Miller put his last transaction through. Over a period of years, Mr. Miller had previously decreased his own or trust shareholdings from the neighborhood of 500,000 shares to not much over 100,000 shares. Gerard F. Miller, another director and the company's treasurer, has no transactions on the share ledger since Nov. 23, 1937. He is owner of 108,913 shares. Maurice Summerhayes, who is a director, is shown as the owner of 2,000 shares since Nov. 30, 1934. Oliver G. Donaldson has held 28,400 shares since Dec. 14, 1936, and J. Y. Murdoch has held a block of 500 shares unchanged since Jan. 17, 1928.

The mere fact of not selling shares during the decline in the market in no wise justifies mine executives in witholding information, and a mere statement that "we lost too" is no reason whatever for not giving shareholders the full facts of the mine now. More important than the details of the transfer ledger is the true present position of the mine.

Pickle's Zone Rich At Depth

Original Howell Vein Shows Return of Mine-average Ore at 2,200 ft.

A substantial increase in potential ore resources of Pickle Crow Gold Mines is indicated by the announcement of Robert Fennell, vice-president, that depth development on the main Howell vein has shown rich ore on the 2,200-ft. level.

In the week ended July 9 the company completed 12 ft. of drifting at this horizon, with 36 ft. of ore to the east now averaging $16.80 across an average of 34 inches. On the 2,200-ft. level there is a total of 83 ft. of ore exposed averaging $14.35 across an average width of 26 inches. This ore is up to the average mine grade and fully confirms the management's expectation, Mr. Fennell states.

Drifting on the 1,950-ft. level—the previous bottom level—returned only 828 ft. of ore grading $12.25 across 36 inches.

Drifting in the new north ore zone at the 750-ft. level shows two ore shoots. The 738-649 east drift has a total length of 767 ft. averaging $10.35 cut grade across an average width of 52 inches. Back stoping has been carried on with 1,593 cars of mill feed averaging $14 per ton across better than 6 ft.

The 648 east drift—which has a separate and parallel vein to the south of the 649 drift—shows a length of 190 ft. averaging $6.30 cut grade across 100 inches.

Production for 1941 to date is valued at $1,369,459. With the exception of June, output has held at 1940 levels. During June, production dropped $17,400 because of electrical storms and bush fires which burned out a transformer and destroyed part of the power line.

Open Deep Ore At Leitch

Big Increase in Reserves Indicated By Latest Work

Drifting at the 14th or 1,650-ft. level of Leitch Gold Mines has so far opened up two typical sections of ore in the No. 4 vein suggesting the downward continuation of the Leitch ore zone unchanged.

The first of the high-grade shoots shows a length of 80 ft. averaging 0.426 oz. across 22.2 inches while the second shoot is 95 ft. long running 1.46 oz. over 17.7 inches. Drifting is being continued to the west.

Two Exploration Levels

The 1,150 and 1,650-ft. levels are being used as the exploration levels for the new block of levels under development. Drifting on the 10th or 1,150-ft. level has revealed the No. 4 vein with strong continuity and strength at depth. The following ore shoots have been opened up over an east-west length of 350 ft.: 140 ft. running 2.455 oz. over 19.5 inches; 35 ft. averaging 0.262 oz. over 41.1 inches; and 120 ft. grading 0.425 oz. over 47 inches.

The last of these sections shows quartz up to 10 ft. in width in the folded structure. Drifting is being continued to the east which is still open. Drifting in the No. 1 vein has so far opened up a length of 55 ft. running 1.907 oz. over 13.3 inches at this level.

Drifting is now believed to be approaching the No. 2 vein system to the west.

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Week in Oils

Expect Big Crude Boost To Speed New Drilling

Authorization of Turner Valley oil producers to increase the price of crude oil by 27 cents a barrel is expected to have the two-fold result of increasing substantially the present revenue to holders of oil royalties and of speeding up drilling activity in Turner Valley which has been lagging in recent weeks.

Every effort short of Government financing will be made to increase output of crude oil, Oil Controller Cottrelle stated in making the price increase announcement, adding: "If they want to take public money for drilling oil wells they had better get a new controller."

An increase of roughly 20% in returns to oil royalty holders is expected to result directly from the boost in the price of crude. As a result of the improved position of royalties, dealers are anticipating a new spurt in royalty-financed drilling. Most wells drilled the last year have been financed by this method.

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To Test Ruling

All operators of wells located on crown lands in Turner Valley have decided to withhold recognition of the Alberta Government's recent Order-in-Council increasing the gross royalty payable to the Crown from production. They are expected to submit their cheques covering crown royalty from June production on the basis of the old regulations.

In the opinion of operators, the validity of the Order-in-Council is questionable. It is understood that all operators, at a recently held meeting of the Alberta Petroleum Association, approved a resolution binding all to withhold recognition of the order. The whole question was referred to the board of directors of the association for further consideration, legal advice and definite recommendation.

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Liberal Member Had Idea

It will be recalled that three weeks ago George H. Ross, K.C., Liberal member of Parliament for Calgary East, issued a statement that, in his opinion the provincial Order-in-Council was illegal. He advised oil operators to refuse to pay the higher levy, seek legal advice, and secure a court decision on the legality or otherwise of the province's action. The present action of the industry will pave the way for a court decision.

The united opposition to the Alberta Government's royalty-upping order was disclosed this week as producing companies received payment from June deliveries and prepared to make distributions to the various royalty-owners. The government's Order-in-Council, effected as of June 1, ordered an increase in crown royalty on old Dominion leases from 10% to 12½%, and changed the 10% royalty on provincial and school lands to a "sliding scale royalty" ranging from 5% on wells producing 25 bbls. per day or less to a maximum of 15% on wells producing 225 bbls. per day or more. In addition to upping royalties on oil production, the order levied a royalty of one-half cent per 1,000 cu. ft. on all sales of natural gas, and on natural gas used off the location on which it was produced, whether sold or not.

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New Vermilion Well

According to word received from the Vermilion field, the Western Battleview No. 2 well has completed drilling at 1,829 feet, after coring an oil-saturated lower cretaceous sand section between 1,818 and 1,828 ft. Production string of 7-inch casing has been run and cemented and steps are now being taken to place the well on production test.

Reports from the field indicate that the well is likely to be in the same class as the Conestoga and Richardson wells, recently placed on production in this area. The Conestoga well is now producing about 13 bbls. per day while Richardson No. 1 is producing between 5 and 9 bbls. hourly.

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Lethbridge Well Commercial?

The Lethbridge Petroleums No. 1 well, a few miles southwest of Lethbridge, appears to be a commercial oil producer, according to company officials, and plans are being rushed to completion for a new well in the immediate vicinity.

The No. 1 well, completed 9 ft. in the Madison limestone at 4,153 ft., showed 5½ ft. of oil-bearing porous formation. The zone was washed down with a five-gallon acid shot, followed by two 250-gallon acid treatments. Officials state that swabbing is now in progress with an 18-barrel yield being obtained about every six hours. This indicates a daily oil recovery of about 72 bbls. Experiments are also being made to determine pressure conditions, and it is hoped the well can be developed into a flowing producer. The No. 1 test is located in L.S.D. 12 11-3-22w4. It was drilled with cable tools.

In view of the very satisfactory showings at the No. 1 well, Lethbridge Pete. officials say that it has been possible already to arrange financing of a new venture, to be drilled with powerful Deisel-powered rotary equipment at a location immediately south of the discovery producer. The new venture is expected to go on the drilling list within a month. It will be carried deep into the limestone for tests of horizons underlying the oil zone tapped at the No. 1 well.

Moneta Output Gain Boosts Net Profit

With output in the last quarter increasing to $308,768 from $287,647 in the Jan.-March period, Moneta Porcupine Mines net profit rose to $136,566 the June quarter. It was $127,854 the previous three months.

Production in the three months ended June 30 was secured from 16,039 tons of ore for an average recovery of $19.25 per ton. In the previous quarter 16,015 tons of ore were milled and recovery averaged $17.96 a ton.

Lack Deep Ore At Privateer

But Prident Sector Returns 600 Feet of Ore on 400 Level

Drifting on the main No. 1 and No. 2 veins on the new 1,300-ft. level at Privateer Mine has so far failed to yield commercial grade ore, according to President D. S. Tait.

By the end of June, 580 ft. of drifting had been completed on the No. 1 vein on this level and while some patches of free gold had been encountered, no commercial ore length was developed on this vein. A total of 150 ft. of drifting has been carried out on the No. 2 vein averaging 0.49 oz. gold across an average width of 0.65 ft. This is not regarded as commercial at Privateer but a length of 50 ft. might mill due to the free gold content. Drifting is being continued on both veins.

Rich Ore at Prident

Results at the company's Prident mine have been gratifying, Mr. Tait states. Only one level, the 400, has yet been developed. On this level, some 600 ft. of ore has been developed. This is made up of seven ore shoots in five different veins. Some of this ore is very high grade. The most recent ore shoot developed was of more moderate grade but very fair width. It averaged 2.05 oz. gold across 0.96 of a foot for a length of 121 ft.

On May 26, G. F. MacDonnel reported on Prident operations as follows:

"From the appearances of the recent development work at the Prident, it now looks as if this may be a major operation and that shortly we may be able to draw a considerable tonnage from this mine."

New Veins at 1,000

Crosscutting from the No. 2 vein at the 1,000-ft. level has cut three veins known as Nos. 3, 4 and 5. Some drifting has been done on each of these veins. A short shoot of good ore, about 40 ft., was developed on the No. 3 vein and backs have been taken down along this ore length in preparation for a stope-raise to go up on it. On No. 4 vein a somewhat similar ore length was developed, but results are not so conclusive as on the No. 3.

Production in the second quarter was normal except for June, when owing to the position of development in the mine, more ore than usual had to be drawn from the lower grade area and production was down about 150 ounces.

Wendigo Gold Mines has intersected a vein at a point 300 ft. below the 1,000-ft. level in a winze being sunk from that horizon and which is now down 350 ft. The vein is believed to represent a continuation of ore from the upper horizons. The winze is to be continued another 250 ft. to a depth of 1,700 ft. with four new levels established at 150-ft. intervals. Production for the fiscal year ended April 30, 1940, is reported at $504,394 from 36,985 tons of ore for an average recovery of $13.64 a ton. In the previous year $463,737 was recovered from 34,502 tons of ore, an average of $13.44 a ton.

Berens River Mines production in June was 2,256 oz. of gold and 78,256 oz. of silver with an estimated value of $116,546, compared with $120,557 in May and $103,500 in June last year.

Mining Concentrates

Arntfield Gold Mines has completed sinking of its No. 2 shaft to its objective at 1,127 ft. and the station is now being cut for the bottom level at 1,075 ft. Crosscutting on the three new levels established at 150-ft. intervals below the former bottom 625-ft. horizon is expected to get under way almost immediately. Production for the last 10 days of June was slightly below average due to the cleaning up of a number of old stopes.

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Gunnar Gold Mines showed a slight increase in production in June as follows:

1941:	Tons milled	Tons daily	Recov. per ton	Total recov.
June	4,148	138	$13.13	$54,456
May	4,278	138	12.70	54,318

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Howey Gold Mines operating profit for the three months ended June 30, 1941, amounted to $20,824 before taxes and outside exploration. Production of $211,920 was secured from treatment of 144,779 tons of ore. Operating profit in the first quarter was $39,553 with production totalling $223,750.

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Island Mountain Mines Co. showed a considerable increase in production in June:

1941:	Tons milled	Tons daily	Recov. per ton	Total recov.
June	4,596	153	$19.76	$90,806
May	4,650	150	15.97	74,243

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Mount Zeballos Gold Mines output was somewhat lower in the second quarter of this year:

Quarter ended 1941:	Tons milled	Tons daily	Recov. per ton	Total recov.
June 30..	5,825	64	$15.81	$92,092
Mar. 31..	5,296	59	22.51	119,208

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New Mont Laurier - Senneterre route has been the subject of a special geological survey by the Division of Geological Surveys of the Quebec Bureau of Mines and a special report, P. R. 163, has been issued detailing results. The first half describes the general nature of the country and the geological formations along this highway, while the second half gives a mile-by-mile description of the various outcrops of rocks, which are of different types but all of precambrian age. A map of eight miles to one inch accompanies the report.

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Northern Empire Mines Co. showed a higher production in June as follows:

1941:	Tons milled	Tons daily	Recov. per ton	Total recov.
June	4,447	148	$8.14	$36,216
May	4,413	142	7.44	32,820

O'Brien Gold Mines production was slightly lower in the second quarter of this year:

Quarter ended 1941:	Tons milled	Tons daily	Recov. per ton	Total recov.
June 30..	17,513	192	$14.14	$247,716
Mar. 31..	17,435	194	14.12	248,491

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Perron Gold Mines production was slightly lower in June:

1941:	Tons milled	Tons daily	Recov. per ton	Total recov.
June	12,061	402	$13.17	$158,880
May	12,608	407	12.69	160,078

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Powell Rouyn Gold Mines had $84,804 operating profit before write-offs and taxes in the three months ended June 30, 1941. Current financial position as at June 30, 1941, shows a decided improvement over three months earlier. Current assets totalled $247,969 and current liabilities were $184,867, leaving working capital of $63,102 at June 30, 1941, compared with $4,341 at the end of the preceding quarter. Production for the quarter just concluded was $341,573 from 83,102 tons of ore, of which the company's mill handled 40,318 tons and 42,784 tons were shipped to the Noranda smelter. Recovery averaged $4.11 per ton. Monthly production shows an increasing tendency, rising from $102,258 in April to $115,128 in May and $124,188 in June.

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Silbak Premier Mines showed increases in both bullion recovery and estimated operating profit in June as follows:

1941:	Tons milled	Bullion recov.	Oper. profit est.
June	13,864	$122,717	$52,717
May	14,492	121,889	48,476

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Yama Gold Mines is now breaking ore for its mill at the 375-ton level which is being prepared for production at an early date. The northwest and southeast extensions of the E west shoot are being followed at this horizon. Shoemaker and Burnham are in charge of mill construction.

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Kirkland Lake Another Mysore?

India Field Ran Out of Ore — Found It Lower Down

By GORDON M. GRANT
Staff Writer, The Financial Post

Will Kirkland Lake again prove to be another Mysore?

This question may mean nothing to the man in the street but around it hangs the whole future of the Kirkland Lake area.

For those unfamiliar with the great Mysore Kolar gold field — where 99% of India's gold is mined —conditions there are very similar to those in our own Kirkland Lake camp. And authorities on Kirkland Lake have been able to learn valuable lessons from Mysore experience.

This similarity between the two camps is extremely marked. Kirkland Lake gold mines find their gold values in a single main break or shearing; so does Mysore. Kirkland Lake has suffered from relatively severe rock bursts; so has Mysore. Kirkland Lake's ore bodies are hydro-thermal in origin; so are those of Mysore.

Will Resemblance Continue?

Authorities on Kirkland Lake are now wondering if the Kirkland Lake-Mysore analogy will be continued; if Kirkland Lake will also run out of ore at depth only to have it come again unchanged at still greater depth. That is what happened in the Mysore area and from present indications we may eventually see something similar happening in the Kirkland Lake area.

It is too early to make any categorical statement on depth conditions in Kirkland Lake but for a period of years signs have been steadily increasing that Kirkland Lake is running into a section that may be devoid of ore. If this proves the case, it is hoped that ore values will come in just as strong or stronger at still greater depth just as they have in the Mysore area.

Teck Ore Stopped at 6,100 Feet

Teck-Hughes was the first mine in the central sector to find the bottoming out of values around its bottom level at 6,100 ft. At Lake Shore Mines, next to the east, a weakening of values has been found to the west next to Teck-Hughes, although results to the east have been encouraging up against Wright-Hargreaves Mines. So far, however, Lake Shore has found no repetition of the rich ore found between 2,000 and 4,000 ft. depth.

Work is still too shallow yet to tell if the ore values may possibly go out —if only for a time—at Lake Shore.

What About Wright-Hargreaves?

The Wright-Hargreaves situation is still not entirely clear from the recent official announcement. Here is the statement of President E. L. Miller in this regard:

"The development and exploration of the property at depth, especially at the 6,300-ft. level, have engaged our continuous attention during the past year, and while our technical staff is not in a position to make any definite communications at this time, so much as is presently seen, the results do not seem too encouraging. Repeated faulting with the consequent absence of ore, and unsatisfactory diamond drilling results have been experienced. Of course this situation has been met with before and worked out satisfactorily. We are hopeful that with the concentration of work at depth over the next several months, more favorable results may be indicated."

Looks Like No Ore

The emphasis on faulting in this statement should not be allowed to confuse the fact that ore has been lacking. Wright-Hargreaves has rock faulting like other mines but the pattern of these faults is fairly well known. If ore has not been found at the 6,300-ft. level by now, there are grave doubts that it will be picked up at this horizon.

While little publicity has been given the depth ore situation in Kirkland Lake, the stock market shows that the problem is realized as being really serious. Lake Shore has dropped from a high of around $60 to $15; Wright-Hargreaves has dropped from $9.90 to as low as $3.75. Teck-Hughes, in spite of the development of a splendid subsidiary, has shown a marked price recession over a period of years.

Ore Absence Not Fatal

Absence of ore did not spell the end of Mysore and absence of ore—if it occurs—need not place the productive life of the Kirkland Lake area within measuring distance. Mysore found its ore again at greater depth. If Kirkland Lake's ore does run out, there is said to be an excellent chance that it will be picked up again at depth. The very length of the Kirkland Lake break, it is claimed, suggests it. There has been no indication that the break itself does not extend to depth in Kirkland Lake, only that values are thinning out. Granted the usual geological theory that the values have been intruded from even greater depth, the likelihood is that values will again come in. An authority on the Mysore district in India has the firm conviction that this will be the case and that Kirkland Lake ore will perhaps be better than ever at greater depth.

Expense Was Mysore Problem

While the mines in the Mysore area were carried through the blank horizons, the expense was great and none of the mines was under the same ownership when the problem was finally solved. Kirkland Lake should not suffer similarly. Canadian mining companies keep a strong liquid position and a big shaft sinking programme is something that need not be feared. Technique of mining under rock blast conditions has improved greatly the last few years and the problem of mining at depth can now be tackled much more effectively than would have been possible only two years ago.

If ore values are really going to disappear in the main Kirkland break, all the companies except possibly one—Teck-Hughes—will carry the ore search to depth, it is believed. Mine managements at the property are known to want to take a look still farther down, the only question being whether or not directors will finance big depth programmes.

Emphasis on Shaft Sinking

The possibility blank horizons may be experienced in Kirkland Lake development suggests shaft sinking be pushed ahead as rapidly as possible. At Lake Shore Mines, both shafts are being carried to depth whenever feasible. Shafts are being extended while there is still plenty of ore for milling remaining at the upper horizons.

If further Wright-Hargreaves work reveals an unsatisfactory ore horizon around the present bottom level, immediate shaft sinking is imperative even with the supply of ore ahead of the mill on the upper horizons.

Kirkland Break More Important

Kirkland Lake has a more important break than the Mysore area. In the Mysore area, values are obtained from a single vein averaging only four feet in thickness and carrying payable values along a length of four miles. Yet gold is now being mined in the Mysore area at depths of well over 8,000 feet despite rock bursts and high temperatures.

The Kirkland Lake area has an ore zone that is both much longer and broader than Mysore. There is not just one but many veins and two chief ore-carrying sectors close together. Chances of this entire zone carrying down appear much better than even for the Mysore zone. A practical mining rule is that on the average an ore body or ore zone will carry down about the same distance the ore zone has length. If that proves true in Kirkland Lake, gold values carry down many miles — much farther than mining men can hope to mine today.

Kirkland Has the Advantage

Methods now being used in Kirkland Lake and conditions there will undoubtedly allow mining to be carried deeper than in the Mysore. Kirkland Lake usually carries much more gold per vertical foot than the Mysore field with its $12 millions a year output. The expense of carrying operations to greater depth is accordingly not nearly so great a strain in Kirkland Lake.

Both camps have made some progress in handling rock bursts but realize they will continue to be encountered at depth. As far as rock temperatures are concerned, Kirkland Lake is eminently better placed than the Mysore area. The mines in Mysore's Kolar field have temperatures up to 130 degrees Fahrenheit and adequate ventilation is a problem. One of the deepest mines has installed an air-conditioning plant that cools air with an incoming temperature of 73 degrees Fahrenheit down to 40 degrees. This plant has resulted in a considerable reduction of air temperatures with a corresponding increase in efficiency at depth.

Blank Levels Before

Even in Kirkland Lake, blank ore horizons have been encountered with ore coming in lower down. This was the experience of Teck-Hughes which found ore again in deeper work. Investors will remember too how Wright-Hargreaves languished in the doldrums years ago when ore conditions at an upper horizon were not so satisfactory. Perhaps the main mines may now be on the brink of a blank horizon.

The answer to the situation is locked with the future. Perhaps the values will be found pinched in the main sector of the Kirkland Lake property in the neighborhood of the Lake Shore - Wright-Hargreaves boundary. Years may be required to tell the full story.

The two ingredients of future success are available fortunately. Plenty of money is in company treasuries and there is ore to keep mills going for years while work gradually proceeds to depth.

New Ore Bodies in Zone Better Francoeur Picture

From Our Own Correspondent

ROUYN. — Profit potentialities of Francoeur Gold Mines have improved with opening of high grade ore in the No. 8 ore zone and by indications of further ore of the same calibre.

To the east on the second level, drifting has now opened up 155 ft. of ore grading 0.439 oz. across an average width of 51.7 inches with the last 90 ft. returning 0.532 oz. across 61 ins.

Diamond drilling to depth from a crosscut put out to the south has given important information on the continuation of values to depth. One hole to the east returned 6.5 ft. running 0.213 oz. with two holes to the west intersecting similar widths and grade. The most easterly of these holes is important because previously No. 8 bodies have been found to have a pronounced westerly rake.

Rich Ore Affects Recovery

May production increased to $57,308 due to milling of a greater tonnage of ore from the No. 8 ore body. With the present mill flow, tailings loss rises abruptly as higher grade ore is treated and until an additional cyanide circuit is installed, active stoping of the higher grade No. 8 ore bodies is not being pursued.

The milling plant is now being enlarged to provide cyanide capacity of 400 tons daily. All equipment has been ordered, with installation expected by the end of September. Expenditure is estimated at $40,000. A total of 125,000 tons of tailings impounded can be treated at an estimated profit of 50 cents a ton. For milling 400 tons of ore daily, an additional grinding unit will have to be installed and this is expected early in 1942.

Drive to No. 3 Body

The company is now driving the main haulage way on the fourth level with 1,100 of the 1,500 ft. to the No. 3 ore body already traversed. It is expected that the drift will be exploring this ore structure—indicated by surface drilling—early in September. Structure was indicated for a length of 600 ft. with widths of 12 to 15 ft. running mine grade. The easterly 100 ft. of the drilling disclosures run lower grade so the actual ore section will not be reached until October.

When the drift has passed through the No. 3 ore body, consideration will be given to raising a shaft in this section. This would be followed by diamond drill exploration for ore occurrences similar to the No. 8 ore series.

McMarmac Debt Sharply Reduced

Steady progress is being made in reduction of indebtedness of McMarmac Red Lake Gold Mines to McKenzie Red Lake Gold Mines, The Financial Post is informed. Debts of $189,000 at the end of 1940 are now down to "considerably less" than $100,000, it is said.

The company's mill has shown ability to exceed rated capacity of 75 tons daily, averaging as high as 83 tons daily over the period of a month. In spite of metallurgical difficulties extraction of 94% has been secured.

Issue of the company's annual report is expected shortly.

BIDGOOD OUTPUT AT PEAK

Recording its highest production since Dec., 1938, Bidgood Kirkland Gold Mines recovered $46,721 from 3,369 tons of ore in June for an average recovery of $13.87 per ton. In the previous month $40,979 had been secured from 4,034 tons of ore, an average of $10.15 per ton.

New West Ore At Gold Fields

First Level Drift Opens Body — Drilling Cuts Rich Section

Drifting west on the first level opened up a new ore body in the footwall of the A ore zone at Malartic Gold Fields during June, J. P. Norrie, general manager, says in his monthly report. During the month a length of 109 ft. of ore was opened up, grading 0.35 oz. gold per ton.

Another important ore development during the month was the cutting of 17 ft. of ore averaging 0.42 oz. gold per ton in a new ore area 2,200 ft. west of the shaft. As this is a hitherto unexplored area, it could prove the first indication of a richer than average ore body.

Production New Record

Drifting west on the G zone at the second level was carried 75 ft. in June with 26 ft. averaging 0.24 oz. gold. Drifting east on the F zone at the fourth level was carried 67 ft. with 33 ft. in ore grading 0.30 oz gold. West on the same zone, 89.5 ft. averaged 0.18 oz. gold.

Shaft sinking was carried 89 ft. during the month to 1,357 ft. with a station cut at 1,350 ft.

Production was a new record in June with $161,516 recovered from 18,489 tons of ore for an average recovery of $8.74 per ton. May output was $157,264 from 18,445 tons, an average of $8.53 a ton.

GATE OUTPUT HIGHER

Production of Golden Gate Mining Co. showed an increase in June output amounting to $22,484 from 1,725 tons of ore for an average recovery of $13.03 per ton. In the preceding month, $20,513 was recovered from 2,180 tons of ore, an average of $9.41 per ton.

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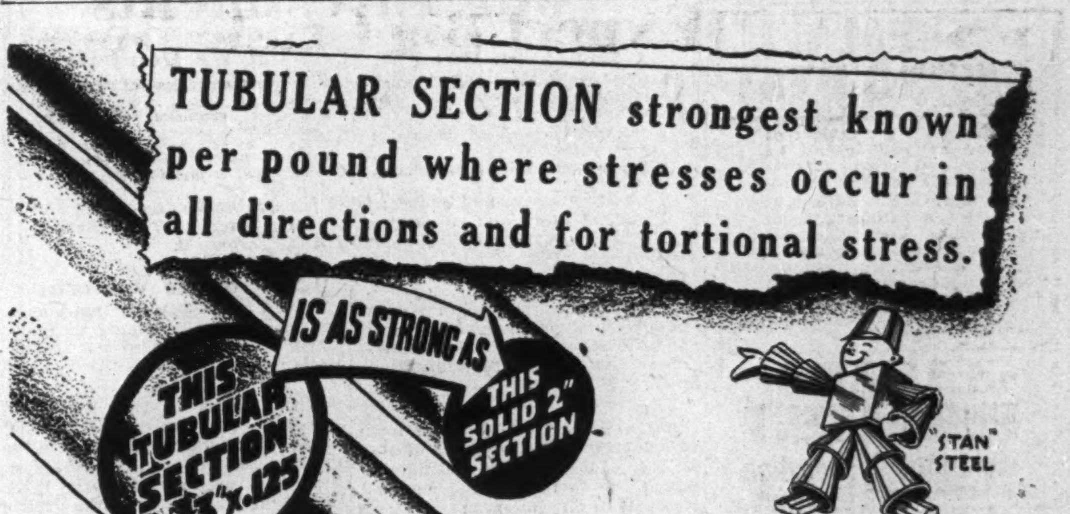

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Computing the Excess Profits Tax

Gerald D. Sanagan is a partner in the Toronto legal firm of Wickett & Sanagan, and has specialized in taxation problems. Below he interprets for readers of The Financial Post the major changes outlined in the latest explanatory brochure of the Dominion Income Tax Branch on the Excess Profits Tax Act.

By GERALD D. SANAGAN

The new explanatory brochure on the Excess Profits Tax Act as amended clearly brings out the basic aim of the changes: To remove inequalities of assessment and not to lessen the burden of the tax generally.

As the Hon. J. L. Ilsley, Minister of Finance, explained:

"The changes are in the nature of improvements in the structure of the legislation for the purpose of removing inequities and anomalies and to simplify and expedite administration. The changes proposed are not intended and will not result in any general relief from the weight of the excess profits tax."

But whether the amendments will remove all inequities is yet to be seen.

Determining Standard Profit

The changes relate chiefly to the determination of basic standard profits. That, after all, is the crux of the whole Act. For upon standard profit depends whether excess profits tax is paid, and if so, how much.

The tax payable under the new Act is either 75% of the excess of profits over standard profits, or 22% of the profits, whichever is the greater. The minimum rate for individuals is 12%. This, of course, is in addition to normal Dominion and provincial income tax rates.

According to the new explanatory brochure an incorporated taxpayer must earn over 55.69% in excess of its standard profits before it is subject to the 75% rate. An unincorporated taxpayer must earn over 25% in excess of his standard profits before he is subject to the 75% rate on excess profits.

Preliminary Adjustments

The basic profits are the average profits earned during the calendar year 1936 to 1939 inclusive. If the fiscal period does not coincide with the calendar year, past profits must be apportioned on a day to day basis to convert them to a calendar basis.

Before this is done, however, certain other adjustments are to be made:

1. Adjust the standard profits to the basis of a fiscal period comparable in length with the fiscal period of the year of taxation. If the taxation year is a 12-months' period, but the average length of the standard years (1936-39) was 10 months, then the standard profits would need to be adjusted by taking twelve tenths of the average profits in the standard years.

2. Adjust the standard profits by adding 7½% of any capital increase to the profits of the standard year or years when it was not employed. If the capital was decreased during the standard period the 7½% is subtracted, but in the case of a corporation, only if the decrease in capital was accompanied by an equivalent reduction of capital stock.

The brochure illustrates this adjustment by a possible case in which new capital was added at the end of 1937. The profits of 1936 and 1937 would here be adjusted upward by adding 7½% of the new capital which was put into the business as at the beginning of 1939. This assumes that the new capital remained in the business and was used in the taxation years.

The brochure points out that profits do not constitute additional capital in the year earned. They must be retained as capital at the beginning of the next year to qualify as capital of this succeeding year.

Converting to Calendar Year

Having made these adjustments to cover changes in capital and fixed periods, the next step is to convert the profits of the standard period fiscal year to the calendar-year basis, if required.

If a fiscal year ends Jan. 31 in each of the years 1936-39, then profits for the calendar year 1936 would be 31/365 of actual profits for the fiscal period ending Jan. 31, 1936, plus 334/365 of actual profits for the period ending Jan. 31, 1937. Similarly profits can be converted to a calendar year basis for the whole period.

When this has been done, if the profits in any one year are less than 50% of the average of the other three years, this year may be omitted. The average of three years is then taken as the standard profits.

How all this calculating is done may be illustrated by the following figures:

Fiscal period ended		Months in period	*Profits
June 30, 1936	....	12	$1,000
Dec. 31, 1937	....	18	2,000
Dec. 31, 1938	....	12	5,000
Dec. 31, 1939	....	12	10,000

*Turned back into business.

The first step is to adjust the profits of each year by adding 7½% of the capital increase, from profits plowed back into the business, to the years in which such capital was not employed. The $10,000 plowed back at the end of 1939 does not count, as it is taken as being added at the beginning of 1940 and therefore not in the standard period. But $8,000 was added in the standard period and therefore 7½% thereof should be added to the profits for the fiscal period ending June 30, 1936, and so on as follows:

Fiscal per. ended	Months in period	†Capital added thereafter	Add 7½%
June 30, 1936	12	$8,000	$600
Dec. 31, 1937	18	7,000	787
Dec. 31, 1938	12	5,000	375
Dec. 31, 1939	12	.....	...

†During standard period.

The next step is to convert the fiscal years to calendar years 1936-39 inclusive, by apportioning on a daily basis as follows:

Year	Adjustment	Profits
1936	$\frac{182}{366}$ of $1,600 = 796	
	$\frac{184}{549}$ of $2,787 = 934	$1,730
1937	$\frac{365}{549}$ of $3,787 =	$1,953
1938		$5,375
1939		$10,000

In the illustration above the profits for the year 1936 were only $1,730, or less than 50% of the $5,741 average of the other three years, and therefore the standard profits are $5,741.

If the business continued to make and plow back $10,000 a year, the standard profits for 1940 would be adjusted by adding 7½% of $10,000 for the capital increase as at the beginning of 1940. The standard profits would then be $5,741 plus $750, or $6,491. In round figures we have a standard profit of $6,500 in a year in which actual taxable profits were $10,000. The excess profits tax would therefore be figured as follows:

	$
At the 75% rate:	
Profits	10,000
Less: Standard profits	6,500
Excess profits	3,500
Less: Income tax at 18%	630
Subject to E. P. T.	2,870
E.P.T. at 75%	2,152
At the 22% rate‡	
On $10,000	2,200

‡Actual rate for 1940 is 12%, but it will be 22% thereafter.

The tax calculated at the minimum rate is greater than that at the 75% rate and therefore the minimum rate applies. In other words, a business with the profits of the case shown may be deemed to have satisfactory standard profits, inasmuch as they are large enough to result in the application of the minimum rate. The above calculations do not show the total tax that would be payable or taxable income of this amount but only the excess profit part of the tax.

If Standard Profit Low

If, after the various adjustments mentioned above, a business still has an unduly small standard profit, resulting in the application of the 75% rate, several courses are still open:

1. In the case of a business depressed during the standard period, the taxpayer may compute standard profits at such amount as he considers fair. This is not to exceed 10% of the amount of capital employed in the business at the start of the last fiscal period in the years 1936-39. The taxpayer is instructed:

"The initial calculation of his standard on such a basis is to be made by him when he files his return. . . . The Minister is given the right to refer any case to the Board of Referees where he considers the taxpayer's estimated standard of profits to be too high. The taxpayer in so computing his standard profits and applying to have them recognized should complete and file with his return the form S.P. 1 in triplicate."

An Appendix to the Brochure contains instructions as to completing Form S.P. 1. These instructions were compiled by the Income Tax Branch in collaboration with the Board of Referees.

2. If the taxpayer is a new business or has increased capital employed by 33-1/3% or more he may apply to have standard profits fixed by the Board of Referees, at an amount equal to a return on capital at the rate earned in 1936-39 by taxpayers in comparable circumstances in the same or similar class of business.

3. In the case of either a depressed business or a new business, the Minister may be satisfied that a capital-standard basis is inapplicable and would result in unjustifiable hardship, extreme discrimination or jeopardy to the continuation of the business. In this event the Minister may direct that the Board of Referees ascertain the standard profits on some basis other than capital. This would consider the standard profits of taxpayers in similar circumstances.

N. S. May Expand Power System

Second Plant Considered to Meet Needs in Shelburne County

From Our Own Correspondent

MONTREAL.—Because of expansion of government defense projects in Shelburne county, the Nova Scotia Power Commission is giving consideration to construction of a second generating power station on the Roseway River to cost several hundred thousand dollars.

The present Roseway System operated by the Nova Scotia Power Commission is situated two miles from the town where a few years ago following the sale of the old power plant by the town of Shelburne a modern generating station was installed by the Commission.

Hooked up With Mersey

A few years later this plant was hooked up with the Mersey development with surplus power from each end of the circuit going to supply the needs of each in times of low water.

A total of 2,500,000 kilowatt hours is the average output of the present system each year. This power goes to supply the towns of Shelburne and Lockeport and rural communities to the east as far as the county line and to west as far as the Port la Tour district.

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Eastview

Please inform me as to the date of default of the Town of Eastview and the interest settlement allowed in the current reorganization plan.

Actual date of default of the town of Eastview is best taken as of May 1, 1934, as this was the last date on which the town paid its coupons. From 1931 on, however, payments were sometimes late, and although payment on these coupons was arranged, many of the debentures outstanding still carry these coupons as they were not presented for payment at the time such payment was arranged.

Under the reorganization plan all coupons up to and including May 1, 1934, will be paid in full. In the following period up to December 31, 1940, arrears of interest will be paid at 30% of the contract interest rate. If the bond matured prior to the end of 1940, interest for the period following maturity will be calculated at 4½% and 30% of this amount will be paid. For this purpose interest is calculated at simple rate and no interest on interest allowed. To arrive at the proper amount of interest to be paid the various coupons should be added together and 30% of this amount will be paid, plus 30% of the interest applicable to the period following maturity and prior to December 31, 1940, for which period, as stated above, the interest will be at the rate of 4½%.

McColl-Frontenac

What comment have you to make on the present position of McColl-Frontenac common shares?

McColl-Frontenac Oil Co. reported sales volume in 1940 was by far the largest in its history and operating profit increased from $3.4 millions from the 1939-40 fiscal year to $3.7 millions in the 11 months period ended Dec 31, 1940. Net profit for the 11 months period amounted to $1.1 million, compared with $1.3 million in the preceding 12 months. This decline was due, apart from the shorter fiscal period, to an increase of $292,397 in income and "excess" profits taxes. The common stock showed earnings of 60 cents for the 11 months period, against $1.05 in the full 1939-40 fiscal year.

The oil industry in Canada has been placed under supervision of an oil controller and imports of crude petroleum, refined gasoline, lubricating oil, etc., from non-Empire countries are subject to permits. In appraising the future prospects of the industry this should be taken into consideration, in addition to which the industry has not been able to pass on entirely increased labor and material costs in selling prices of petroleum products.

Speculative Westerns

When would you say that bonds of the Western Provinces, particularly Alberta, entered the speculative class?

With regard to the investment standing of Western Provincial bonds, we would suggest that to the most conservative type of investor, the wheat problems of early 1930's placed the bonds of the three Prairie Provinces in the speculative category as early as 1930 or 1931. But the more general awakening to the speculative nature of these bonds became apparent in 1935 with the election of Premier Aberhart of Alberta. Some weakening of the bonds of Alberta and a less noticeable softening in the other Prairie Provinces occurred. It was at first thought by many that it would be impossible for a Canadian province to default on its obligations.

In 1936, when Alberta actually defaulted, the big drop in Alberta bond prices occurred and by summer of 1936 there could be little question as to the speculative nature of the bonds of Alberta at least.

Steep Rock

Nothing has been seen in your columns on Steep Rock Iron Mines in recent weeks. Has there been any change in the situation since you last reported it?

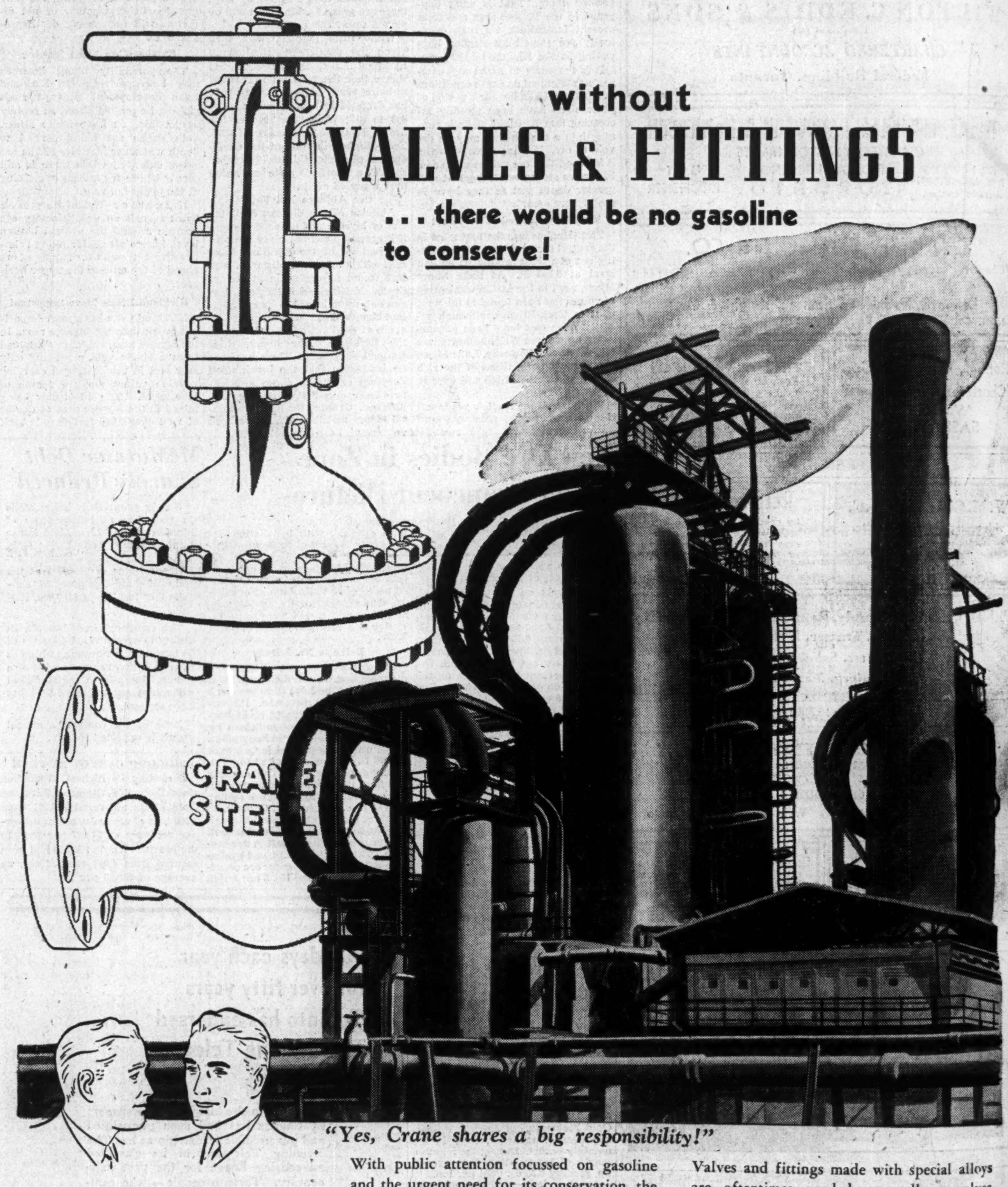
Following completion of a supplementary drilling programme, two independent American iron experts have issued a report on Steep Rock Iron Mines suggesting favorable possibilities. Hugh Roberts, a geologist, and W. H. Crago, an engineer, give their opinion that the Steep Rock deposits are deep-seated in character and that the extreme uniformity of ore values secured in drilling is of far-reaching importance. Mr. Roberts states in a letter accompanying the report as follows:

"Anticipating a resumption of exploration from the ice during the winter 1941-42, and having in mind that which has already been made plain by previous exploration, I believe that work on diversion of the waters of Steep Rock Lake may be quite properly started during the summer of 1941. The expenditures would be made without fear of financial loss, at a fitting time, and as part of the procedure necessary in this place to the opening of mines."

It is understood that the management is now giving consideration to "ways and means" to implement a programme such as that recommended. No details have been made public, however, as to what form the new financing may take. Rumor has had it that finances may be provided by United States steel and iron interests.

Steep Rock has been classified as a war industry, according to Hon. C. D. Howe in a letter to Port Arthur city council.

without VALVES & FITTINGS
... there would be no gasoline to conserve!



"Yes, Crane shares a big responsibility!"

*CRANE 4-POINT WAR PROGRAMME

First, to supply all Canadian industry with the valves, fittings and fabricated piping vital to its operation.

Second, to utilize our plant capacity to the utmost in filling the Government's munitions requirements.

Third, to furnish plumbing and heating materials for army camps and workers housing.

These three must take precedence

* * *

Fourth, as in peacetime, to guard the nation's health with adequate plumbing and heating equipment for home and institutional use.

Crane's four plants and Crane's workers are putting everything into this four-fold task. It is their contribution to Canada's all-out war effort.

With public attention focussed on gasoline and the urgent need for its conservation, the importance of Canada's oil refineries and distributing plants stands out in bold relief. Theirs is a vital wartime responsibilty for without their output our planes would be grounded, our mechanized armies immobilized, our fleets laid-to.

These plants above all others depend on Crane valves and fittings and fabricated pipe to control and convey the crude petroleum, often at unusually high temperatures, through its endless processes of refining to its emergence as fuels and lubricants.

Valves and fittings made with special alloys are oftentimes needed, as well as valves for tank cars, sea-going tankers and tank trucks. Crane makes them all, as part of the more than 30,000 varied units from which all industry is supplied.

Yes, Crane makes valves and fittings to control and regulate the flow of oil, gas, steam, air and water on which all motive power depends! Supplying these vital units to ships and railways, chemical and power plants, armament and ordnance plants and to industry generally, is part of our national* job.

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Ten page supplement featuring Canada's Textile Industry

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Clothing the Canadian Fighting Forces

By ARTHUR D. ELLWOOD
Staff Writer, The Financial Post

Textiles are war materials, almost as much so as explosives or guns.

Soldiers must be clothed, and in today's army of specialized services they must have specialized clothing.

They must have blankets to sleep on, sandbags for protection; parachutes to save airmen's lives.

All these and many more have been among the products which the Canadian textile industry has turned out since the war started. It is a perfect example of a peacetime industry which has turned its capacity and production ability to war.

So far the Canadian textile industry has received about $68 millions worth of war orders and has delivered about 90% of these. Upward of $40 millions went to the woollen industry for cloth and knitted goods and about $24 millions to the cotton factories. Well over 100 plants in villages, towns and cities have shared this work.

Millions For Britain

This does not include millions of dollars worth of business received by cotton mills from British government for heavy duck, tire fabric, yarns and many other items. Nor does it include large orders from other industries working on war contracts.

The output of the textile industry is one which has to be continually replaced. Uniforms wear out; blankets, tents and other equipment all have a very limited life, especially in the army or navy.

Thus the Canadian textile industry can expect continuing orders with perhaps increasing emphasis on replacement as Canada's armed forces grow in number.

Many new products have been made by the Canadian textile industry over the past year, or at best they had not been manufactured since the last war. Powder bags made from silk waste; anti-gas cloth; camouflaging netting for gun emplacements and other uses; airplane fabrics; parachute cloth and cords are a few examples.

There was no early preparation for such business. Practically no provisions had been made in Canada in Sept., 1939, for the extraordinary needs for clothing and textile materials. There was a piling up of orders and some delay in the early days in equipping of the armed forces of Canada. This has been overcome now, thanks largely to a system of spreading orders, designed by the industry itself, in co-operation with the defense and supply departments at Ottawa.

Moreover, it should be remembered that the textile industry has produced this $60 millions of war output without seriously disturbing its ordinary civilian production. Canadian men, women and children have not lacked for clothing, nor have they been restricted in any marked way in what they can get.

Physically, since the war, military orders have accounted for 14 million yards of woollen goods and nearly 2 million blankets. The cotton industry has received orders for over 50 million lb. of various products, including those from the United Kingdom and Empire sources. Orders for over half a million yards of parachute silk and accessories have been placed with silk mills. Of this impressive total, well over $60 millions worth has been actually delivered.

Million Dollar Orders

In the woollen industry, companies which have received orders for over $1 million each include Barrymore Cloth Co., Dominion Woollen & Worsteds Ltd., Paton Manufacturing Co., Slingsby Manufacturing Co., Ayers Ltd., Mercury Mills Ltd., Eaton Knitting Co., Geo. Pattison Co., Bates & Innes Ltd., and Penman's Ltd.

In the cotton industry, Dominion Textile Co. and its subsidiaries have supplied about 60% of the requirements. But Canadian Cottons, Hamilton Cotton Co., Cosmos Imperial Mills Ltd., W. Robinson & Son Converters Ltd. and Zephyr Looms & Textiles Ltd. have made large contributions.

Among the secondary textile industries the garment and other manufacturers have received tremendous orders. More than $1 million each has been placed with T. Eaton Co., Tip Top Tailors Ltd., S. S. Holden Ltd., Montreal Suspenders & Umbrellas Ltd., Workman Uniform Ltd. and Woods Mfg. Co. Altogether about 150 different concerns in the garment manufacturing and other secondary textile industries have received orders.

Making Parachutes

Before the war Irvine Airchute Ltd. at Fort Erie, Ont., supplied Canada's needs for parachutes, using imported silk fabrics but cords and accessories made in Canada. It was not until June, 1940, that the increasing tempo of the Empire air training scheme and the new situation developing in the war brought an urgent need for more parachutes. A year ago first orders were given for parachute silks to Canadian mills. British American Silk Mills Ltd., Grout's Ltd., and Slingsby Mfg. Co. led in this new line. Belding-Corticelli Ltd. has been producing parachute cords since before the war.

With the Irvine Airchute plant, and a new one established in the summer of 1940 by Switlik Canadian Ltd., actual parachute production last November was at a rate of 500 a week and capacity twice that, according to Hon. C. D. Howe, Minister of Munitions and Supply.

All raw silk for parachutes comes from Japan. It is said that a year's supply has been stocked in Canada by government authorities. Some experiments with substitutes are going on and the National Research Council is considering the use of rayon and nylon to replace the silk in the canopies, nylon and cotton for the shroud lines, nylon for sewing thread and cotton to replace linen for the harness. These substitute materials could be increased in output and could replace raw silk, if the Japanese supply were cut off, it is said.

Rigid Specifications

Army specifications are rigid and the result of study and research to find what best suits the requirements. It has been found, for example, that the soldier's battle dress must be made from cross bred wool to give a maximum resistance to wear and tear. It has meant that this type of wool has been in shorter supply than others but here again, because of the predominance of Australia and New Zealand in producing this wool, the Empire is assured of good supplies. A stock is available in Canada, said to be the equivalent of an estimated year's needs.

Raw cotton, the industry's other major material, is in ample supply with more available at any time from the United States, Brazil or other sources.

The war has meant more than direct war orders to the Canadian textile industry. It has seen civilian demand rise steadily. It has had to face short supplies of certain materials. Government restrictions have been placed on others. Its dyestuffs and chemicals are more costly, as is its machinery.

Cutting Off Raw Silk

An outstanding example are the restrictions placed on imports of raw silk placed by the Canadian Government. Women's hosiery has long been the greatest user of raw silk in Canada. When imports of raw silk were placed under license, it was also stated that gradual reduction in the amount used by the hosiery mills must be carried out. In March, April and May this year, the amount used was 25 per cent less than the standard amount; June, July, August and September see the amount reduced by 50 per cent and for the balance of the year a cut of 60 per cent is to be required.

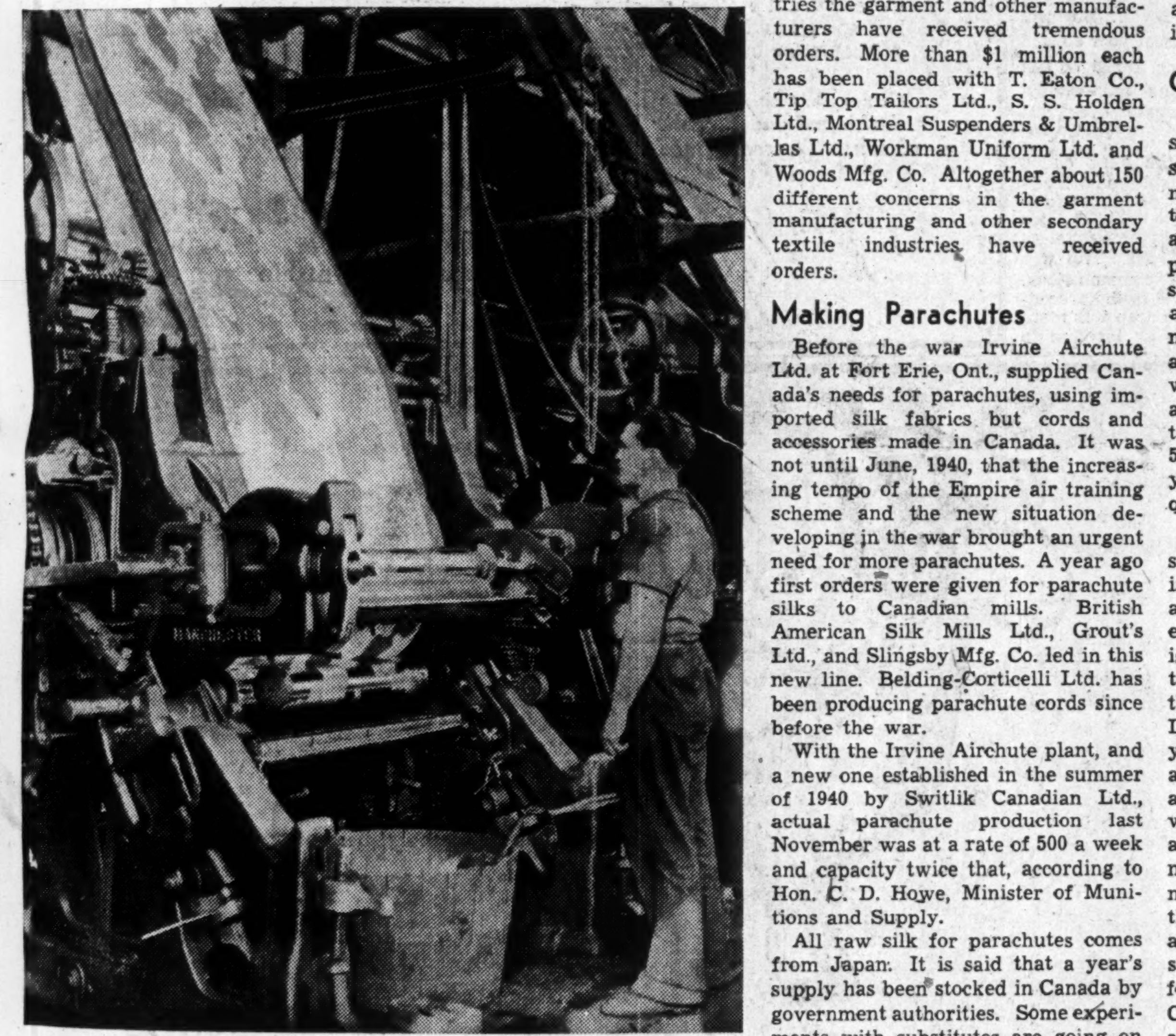
This has made it necessary to find substitutes as women still wear stockings. One of the substitutes is nylon, a development of the DuPont interests in the United States. But Canada is only permitted about 70,000 lb. of this annually this year, and when the new plant of Canadian Industries Ltd. starts to make nylon, late this year or early next, it will not make available more than 300,000 lb. Canada's normal consumption of raw silk would be about 2.5 million lb. annually. Next year, with a restriction to not more than 40% of standard, or at most 1 million lb., and with not more than 400,000 lb. of nylon to be available from all sources, there would still be at least 1 million lb. of silk for which substitutes must be found. Cotton and rayons of various kinds are used.

The highly developed machines which make full-fashioned hosiery limit the fibres which can be substituted for silk. England has been a source of one form of rayon, the Bemberg yarns, which have been extensively used. Courtaulds are just about ready to introduce to the Canadian market a rayon yarn which can be used in the full-fashioned hosiery knitting machines. The Courtauld people have done considerable experimenting with the new rayon yarn and are understood to have it about ready for use and in fairly substantial quantity.

The textile industry's consumption of dyestuffs rose about 40% in the first 18 months of war. Supplies from Germany were cut off at the outbreak of hostilities and other well-known types from Switzerland and France were no longer available late in 1940.

Today the textile industry was not faced with the critical situation which it met when a similar shortage of supplies developed in 1914 to 1916. The United Kingdom and the United States have developed a dyestuffs industry which ranks high, and producers in these countries are supplying Canadian requirements. The cost is higher. For example, an 11% premium on U. S. funds and a special 10% import duty have all contributed to

(Continued on page 18, col. 4)



Camouflaged anti-gas cloth is a new product for Canadian textile mills but it is being turned out in large quantities. This machine is in the Magog plant of Dominion Textile Co.

From processing tanks, liquid viscose from wood pulp or cotton linters is solidified in fixing baths. The viscose is then extruded from spinnerettes such as the one shown above, directly into the fixing solution. There it coagulates, later to be dried and spun into rayon.

Photo, Industrial Rayon Corp.

A new synthetic material, nylon is used to make the sheerest of women's hosiery. *Canadian Industries Ltd.*

New job for Canada's textile plants is the production of gas-resisting fabrics. Three members of the Canadian Officers' Training Corps try out their full gas equipment.

Photo, Public Information, Dominion Government.

Textile's Tax Bill Trebled

Canada's textile industry, going all out on war orders, last year had the highest revenues in its history. But profits fell below 1939 in many cases.

Gross income of the 28 leading operators aggregated $25.7 millions, as against $17.6 millions the year before.

Notwithstanding this return, 14 companies reported lower share profits than in the previous year, chiefly because of higher taxes.

Last year the tax bill of these 28 companies amounted to over $10.7 millions, as against less than $3.3 millions the year before.

On balance operations in 1940 were profitable. Though taxes took 40% of the total income of the operators, nevertheless the working capital position at $47.6 millions shows that these 28 companies, after payment of dividends, etc., were able to better their position by nearly $2.6 millions over 1939.

Throughout the past year there was a wide demand for textile goods in all forms. Many of the plants were engaged almost exclusively on war work. All shared in it in some form or other.

While imports constituted a factor in the domestic market, still the demands were so great that the Canadian industry was able to operate all out.

This brought down overhead costs to a point where much of the increased cost of raw materials, wages, etc., could be absorbed by the manufacturer. As a result the price level of textile products was kept well in hand.

The financial returns of the individual manufacturers do not show any major trend. The sharp increase in gross went a long way toward absorbing the heavily increased taxes. Where share earnings declined, the drop from the previous year's return was not so great as to impair the operator's ability to pay dividends.

Following are comparative earnings results of various companies:

Profits Reduced	Earnings per Share *1940	*1939
	$	$
Can. Celanese	2.23	4.07
Can. Converters	3.28	3.59
Can. Cottons	12.23	13.48
Dom. Textile	5.66	7.70
Guelph Carpet	1.55	2.04
Harding Carpets	0.32	0.61
Monarch Knitting	d0.44	3.18
Montreal Cottons	4.48	13.75
Riverside Silk	d0.33	1.04
Supersilk Hosiery	0.48	0.59
Tip Top Tailors	1.24	1.51
Wabasso Cotton	8.13	8.25
Woods Mfg.	d3.00	d0.47
York Knitting	0.61	1.00
Profits Increased		
	$	$
Acme Glove	0.47	d1.72
Belding	9.94	6.96
Biltmore Hats	0.85	0.62½
Brantford Cordage	1.70	d1.04
Bruck Silk	0.47	0.24
Celtic Knitting	0.46	0.23
Cosmos Imperial	2.09	1.92
Dominion Woollens	1.03	0.25
Hamilton Cotton	5.06	3.16
Mercury Mills	0.77	0.44
Penman's	4.54	4.09
Regent Knitting	1.38	0.28
Stanfield's	13.72	12.97
Tooke Bros.	d4.92	d7.89

*Or fiscal year closest to calendar year.
d—Deficit.

Then there is the question of special inventory reserves. That these are necessary is recognized by the Government in framing its Excess Profits Tax Act. Textile companies deal in commodities whose prices are determined by influences over which they have little control. They know how fleeting are inventory profits when a period of deflation comes as is feared after the war. Thus they set aside a portion of wartime earnings to cushion the possible postwar price drop. How important this is is clear from a few examples.

Dominion Textile Co. reported a drop in share profits from $7.70 to $5.66. On the other hand this company set up a special inventory reserve in 1940-1941, which, if included in profits, would have brought share earnings to a higher level.

An outstanding example along these lines is Woods Manufacturing Co., which showed a deficit of $3 a share on 1940 operations, as against a deficit of 47 cents the year before. Last year this company increased its depreciation charge from $73,425 to $119,096 and its inventory reserve from $42,000 to $180,955, an over-all gain of $172,626.

Had Woods Manufacturing made the same deductions for depreciation and inventory reserve in 1940 as in 1939, earnings on the common would have amounted to over $7 a share, instead of a deficit of $3 a share. What happened is shown in the working capital position which increased last year from $936,582 to $1,171,931. Two other companies set up special inventory reserves. Harding Carpets allowed $77,666 and Tip Top Tailors $150,000.

Reflecting the actual improvement in earning power last year, nine of the 28 companies increased dividends on their capital stock; two reported decreases and the balance no change.

A record of the changes follow:

*PAYMENTS ON CAPITAL STOCK	1940	1939
Increases	$ per Share	
†Acme Glove	6.50	3.25
Biltmore Hats	0.85	0.62½
Cosmos Imperial	1.20	1.05
▲Hamilton Cotton	4.00	2.00
Harding Carpet	0.30	0.20
Montreal Cottons	4.00	2.00
Regent Knitting	0.25	....
Wabasso Cotton	1.38	1.00
York Knitting	0.30	....
Decreases		
Canadian Celanese	1.90	2.85
Supersilk Hosiery	0.48	0.59

*On common, with exceptions indicated.
†On preferred.
▲On preferred arrears.

The accompanying table setting out individual returns of the principal operators reveals taxes up 227.4% and gross income, before taxes; up only

(Continued on page 18, col. 4)

Index Textile Companies

Acme Glove	20	Lewis Ltd.	20
Belding Corticelli	19	Mercury Mills	15
Biltmore Hats	20	Monarch Knitting	15
Brantford Cord.	20	Montreal Cottons	16
Bruck Silk	19	Moodie, J. R.	15
Can. Celanese	19	Ontario Silknit	19
Can. Converters	22	Paton Mfg.	21
Can. Cottons	14	Penmans	21
Can. Industries	17	Regent Knitting	15
Celtic Knitting	15	Riverside Silk	19
Consol. Felt	17	Stanfield's	21
Cosmos Imperial	14	Supersilk Hosiery	19
Courtaulds	22	Tip Top Tailors	20
Dom. Textile	14	Tooke Bros.	22
Dom. Woollens	21	Toronto Carpet	20
Drummondville C.	16	Wabasso Cotton	16
Guelph Carpet	20	Woods Mfg.	23
Hamilton Cotton	16	York Knitting	20

Harding Carpet . 20

Cotton Mills Operate at Record Pace

25% of Productive Capacity on War Work—Cotton Consumption at All-time High

Primary and secondary manufactures of cotton have been on an all-out basis since the war started. Orders for the cotton industry, including those from the United Kingdom and other Empire sources in the first 18 months of the war cover 50 million pounds of duck, drill, shirting, tire fabrics, yarns, etc. It is estimated that plant and equipment employed on war orders during this period amounted to around one quarter of productive capacity.

On top of this there was a heavy civilian demand which resulted in the cotton manufacturers stepping up operations from three or four days a week to a full-time schedule, with day and night shifts.

Record Quantity Used

Some idea of the tremendous expansion in operations may be gained from the fact that in 1940 consumption of raw cotton amounted to 225 million lb. This represented an increase of 49% over the 1939 total and 52% over the previous record annual consumption in 1937.

War orders received by the cotton industry are estimated in value at about $24 millions, of which $5 millions were placed by the United Kingdom and Dominions. About $16 millions of this went to the primary manufacturers and the balance to converters.

Dom. Textile in Lead

Dominion Textile and subsidiary companies are estimated to have supplied about 60% of the materials delivered on account of war orders. Cosmos Imperials Mills, Canadian Cottons Ltd., Hamilton Cottons, etc., also produced important quantities.

Actually the Canadian cotton industry was engaged in war work long before war broke out. As far back as June, 1939, Dominion Textile Co. accepted an order from the United Kingdom Government for over one million yards of duck. Cosmos Imperial Mills also received an order at the same time. Part of this order was subcontracted to other Canadian mills.

With the outbreak of the war much larger orders were placed by the U. K., Canadian and other Dominion orders.

Cover Wide Range

These contracts have covered a wide range of goods. They cover an enormous quantity of tire cord and fabric for Canada, South Africa, India and Australia to be used for mechanized equipment, airplane wheels, etc. There also has been a heavy production of light, medium and heavy weight duck for secondary manufacture of tents, ground sheets, kit bags, gun covers, etc. Large quantities of coarse cotton yarns have been shipped to webbing manufacturers and camouflage nets have been produced for guns, gun emplacements, etc. Then there have been vast quantities of white yarns for knitted underwear, twisted and braided cordage. Further large amounts have gone into the manufacture of flannel shirting, khaki cotton drill for summer uniforms, towels, sheets, pillow cases, face cloths, anti-gas cloth, airplane fabrics, shoe linings, ticking for mattresses, etc.

Checking commercial production on the loom against new design, in a big Canadian textile plant.

Because of the modernization campaign carried out over the past year, and also because of additional plant facilities and equipment installed since outbreak of the war, the cotton industry has been able to take care of the enormous demands made upon it by the war.

Civilian Market Problems

This wartime economy has been superimposed on the peacetime economy. Civilian demands have been met promptly, though a situation has developed in this connection which may give rise to concern later on.

Under a change in the tariff Act, the Canadian Government permitted free access to Canada of all United Kingdom cotton manufactures. This has not been of serious consequence to the Canadian mills, as would have been the case in peacetime, as the mills had all the business they could possibly handle. But the trouble in the domestic situation is that some mills have so much war business they cannot properly service their peacetime customers. The result is that this business is gradually going to other mills which are not so placed and also to importers. It is now being suggested that governmental action should be taken to afford mills on war work greater protection in respect to their domestic business.

Material Supply Good

As far as raw material requirements are concerned, the Canadian industry has experienced no difficulties. In other lines of manufacturing activity some difficulty has been experienced in securing adequate supplies due to shipping difficulties and actual curtailment in supplies at the source.

Cotton manufacturers have been depending upon two principal sources for supplies—Brazil for short staple cotton and the United States for the balance. The swing to Brazilian cotton developed two or three years ago owing to the saving involved compared with American short cotton. The cost of the latter also was affected when the Canadian Government imposed a 10% tax on all American imports. This new tax also applied to Brazilian and Egyptian cotton.

Labor Conditions Better

Labor conditions in the cotton textile industry, on the whole, have been reasonably satisfactory. Longer hours of employment, higher wages and cost-of-living bonus have considerably increased earnings of the textile worker.

Other costs have advanced, the result of which has only partly been absorbed so far through increases in the selling prices of goods.

Indications at present are that manufacturing operations will equal, if not exceed, those of last year. War orders in hand are somewhat smaller than a year ago, but civilian demands continue at a high level. If necessary output could be increased above present levels by bringing all mills up to capacity and utilizing new plant and equipment installed over the past year. There is no lack of raw cotton.

Candn. Cottons

Operations of Canadian Cottons Ltd. continue in the current year at practically capacity levels. Business since the current fiscal year started on April 1 has been ahead of last year and fall bookings have shown a satisfactory increase over last year.

Production for the year ended March 31, 1941, established an all-time high record. Operating profit, however, dropped to $486,339 from $526,204. Net profit amounted to $571,811, against $585,832. This was equal to $12.23 on the common stock, compared with $13.48 in the preceding fiscal year. The drop was more than accounted for by increase in provision for income taxes from $268,652 to $1½ million. The latter figure included adjustments for prior years. Depreciation provision, however, was reduced to $579,288 from $800,000.

Conserving Liquid Assets

In the past two years, bonuses of $2 a share have been paid on the common stock. This brought payments to $6 a share in each of the last two years. The company has paid $4 a share for seven consecutive years as a regular disbursement.

May Purchase Preferred

Shareholders have approved a plan whereby directors may purchase on the open market or redeem the 6% non-cumulative preferred shares at a price not higher than $120 a share. Consent of the holders will have to be obtained to redemption.

The company has maintained a strong financial position, with working capital amounting to $6.9 millions at March 31, 1941. This represents an increase of $380,606 from the end of the preceding year. Investments, carried at cost, at March 31, 1941, were shown at $4.1 millions, which included $3 millions of Dominion and provincial government bonds.

Dominion Textile

Dominion Textile Co.'s near-capacity operations have been extended into the current year, with continuance through the remainder of the year considered probable.

In the year ended March 31, the company attained the highest level of operations in its history. Given an impetus by war needs, production far exceeded previous records.

Basic production of yarn and cloth in the grey mills of the company totalled 73.7 million lb. Over 100 million yards of cloth were processed in converting plants.

The company has participated to a large extent in war business. A large part of total production has been consigned either directly or indirectly for war use. The company, in addition, has acted as an agent in purchase of basic grey production from American mills on be-

(Continued on page 16)

Primary Cottons

Bonds

	Int. Rate %	Maturity	Outstand. $	Times Int. Earned After Deprec. 1940	1939
Cosmos Imperial Mills:					
Serial debs.	3	1941-50	380,000	....	....
Dominion Textile:					
1st Mtge., A Serial	2¾	1941-49	900,000	†43.05	†19.17
Do., Series A	3½	1959	3,500,000		
†Years ended Mar. 31, 1941-1940.					
Hamilton Cotton:					
1st Mtge. & Coll. Tr. Ser.	3	1941-43	187,000	12.08	3.86
1st Mtge. Sink. Fund	4¼	1950	850,000		
Montreal Cottons:					
1st Mtge. Sink. Fund	5	1943	*368,888	48.36	42.52
*All outstanding in sterling, £75,800.					
Wabasso Cotton:					
1st Mtge., Serial A	4	1941-48	1,225,000	*17.26	*11.46
Do., Series A	4½	1951	1,000,000		
*Years ended May 3, 1941, and Apr. 27, 1940.					

Stocks

	Outstand. $	Earned per Share 1940 $	Earned per Share 1939 $	Div. Rate $	Price Range —1940-41— High	Low	Last Price	Yield %
Canadian Cottons:								
Pref. non-cum., par $100	3,661,500	†15.07	†16.00	6.00	118½	99½	118½	5.1
Common, par $100	2,715,500	12.23	13.48	4+2	120	90	102	5.9
†Years ended Mar. 31, 1941-40.								
Cosmos Imperial Mills:								
Common, n.p.v.	100,000 sh.	2.09	1.92	1.20+.15	31½	19⅞	23½	5.7
Dominion Textile:								
Pfd. cum., $100	1,940,600	†104.82	†114.09	7.00	155	140	151	4.6
Common, n.p.v.	270,000 sh.	7.03	7.70	5.00	90½	69	74	6.7
†Years ended Mar. 31, 1941-1940.								
Hamilton Cotton:								
Pref. cum. conv., p. $30	18,305 sh.	7.54	5.42	†2.00	39	34	35½	5.6
Common, par $30	20,000 sh.	5.06	3.16	nil	...	...	...	...
†$1.75 extra paid on arrears in 1941 to date.								
Montreal Cottons:								
Pref. cum., par $100	3,000,000	11.48	20.75	7.00	120	107	113	6.2
Common, par $100	3,000,000	4.48	13.75	4.00	81	55	60	6.7
Wabasso Cotton:								
Common, n.p.v.	69,903 sh.	*8.13	*8.25	2.00	37	22	30	6.7
*Years ended May 3, 1941 and Apr. 27, 1940.								

Cosmos Imperial Mills

Sales and production of Cosmos Imperial Mills Limited have been maintained in the first half of 1941 at the capacity levels in effect during 1940. The company manufactures principally duck cottons and canvas fabrics, principally of the heavier type used as covering for military and naval weapons, etc. Two plants are operated, one at Hamilton, Ontario, and the other at Yarmouth, Nova Scotia. The increased activity of 1940 led to installation of Diesel engine units at the Yarmouth plant and other production changes at that division.

No further additions are planned for the present year as present equipment is regarded as adequate and any increase would involve a disruption of current output. Inventories have been maintained at satisfactory levels and a certain amount of advance buying has assured the company's ability to meet coming requirements.

Along with other units in the industry, Cosmos has been affected by the current high rate of labor turnover, resulting from enlistment and a certain amount of shifting to other industries. Earnings for 1941, based on operating activities, should be at least as good as in 1940 when earnings of $2.09 were reported on the common stock, against dividend payments of $1.20 per share. Replacement of the old five per cent preferred, with smaller amounts of new 3 per cent serial debentures, has reduced the charges ahead of the common stock, a reduction which will be progressively increased as the serial debentures fall due at the rate of $38,000 annually on October 1, 1941-1950.

ATW

Dominion Fabrics
LIMITED

Manufacturers of
TOWELS
BED SPREADS
HAMMOCKS
TAPESTRIES

★

DUNNVILLE, ONTARIO

CIRCLE BAR
REGISTERED HOSIERY

SERVING A PURPOSE

From early times, the nations that advanced in the arts — sanitation, health, population and wealth, have been those that fed, clothed and housed themselves.

Canada could produce many million pounds more wool than she does and import less and Canadians are clever enough to fabricate it into attractive comfortable garments for our armed forces and civilians.

Our effort during the days of our appointed time, is to knit good Full Fashioned and Circular Knit Hosiery. To spin high grade Dryspun Botany Yarns. To weave good cloths.

THE CIRCLE BAR KNITTING CO. LTD.
Owen Sound and Kincardine, Ontario
Head Office

Courtaulds of Canada
Salutes
Courtaulds of Coventry

Both are makers of a product known for quality throughout the world

With indomitable spirit, Courtaulds of Coventry carries on. Despite the fury unleashed upon them from the skies, they are supplying Canada with increasing quantities of staple fibre for spun rayon.

Here in Canada we carry on the tradition of this good name, fortunately in a more peaceful environment. Our workers, too, are doing their bit, both at their jobs and in subscribing thousands of dollars to the recent Victory Loan without interrupting or reducing their War Savings contributions.

Courtaulds CANADA LIMITED
Producers of Rayon yarns
CORNWALL, ONTARIO

UNDERWEAR
For Men, Women and Children
1859—1941

The only manufacturers in Canada making full fashioned underwear

This business was started in 1859 in Galt, Ontario, by Robert Turnbull, a Scottish knitter, who began with two hand-operated knitting machines and two employees. This firm now has an extensive and modern plant with about two hundred and fifty employees.

Robert Turnbull died in 1879, and the business was continued and expanded by his son, Charles Turnbull, who was ably seconded by his brother John.

In 1890 the firm was incorporated, Robert Forbes, well known woollen manufacturer of Hespeler, being the first president. His son, George D. Forbes, was president from 1895 to 1934. Charles Turnbull was the general manager until his death in 1924.

The two families of Turnbull and Forbes still own, entirely, the present business. Robert Forbes Auld, grandson of the first president, is now president and general manager.

The high standards set by the founders of the business are still consistently maintained.

Turnbull's is still the only firm in Canada manufacturing full-fashioned underwear and use the finest quality of wools obtainable. They also make a full line of popularly priced underwear in wool, cotton, and wool and cotton mixtures.

THE BEST IS ALWAYS THE MOST SATISFACTORY

THE C. TURNBULL CO. LIMITED
GALT — ONTARIO

Knitters Meet Silk Reductions

Adjustment to New Fibres Successful—Cotton Knitting Yarns Temporarily Short

The knitting trade in 1941 has been faced with problems of supply rather than of increased production. In silk hosiery, 1941 started with no restrictions on supply. In March, silk content had to be reduced 25% of standard; in June, the silk content was lowered to 50% of standard, and from the beginning of October, silk stockings will contain only 40% of the silk used in the standard period.

Silk Substitution

To the hosiery mills that has meant a progressive need for adjusting knitting and dyeing technique to a progressively diluted material.

For natural silk is being substituted and blended bemberg and viscose (two forms of rayon) in the legs of stockings, finely spun cotton in the tops and feet. Nylon yarn has been imported from the U.S. Later on, nylon will be produced in Canada, probably not before 1942. To date, supplies of bemberg from Britain have been adequate, and Courtaulds in Canada have adapted equipment to produce the finer-spun viscose needed.. Knowledge of coming reductions in natural silk content has resulted in advance buying by a small section of the consuming public. Together with increased consumer demand, this has resulted in production being sold out in advance. Hoarding is likely to prove a boomerang, the advance buying of summer colors may prove an unwise decision when winter shades are in.

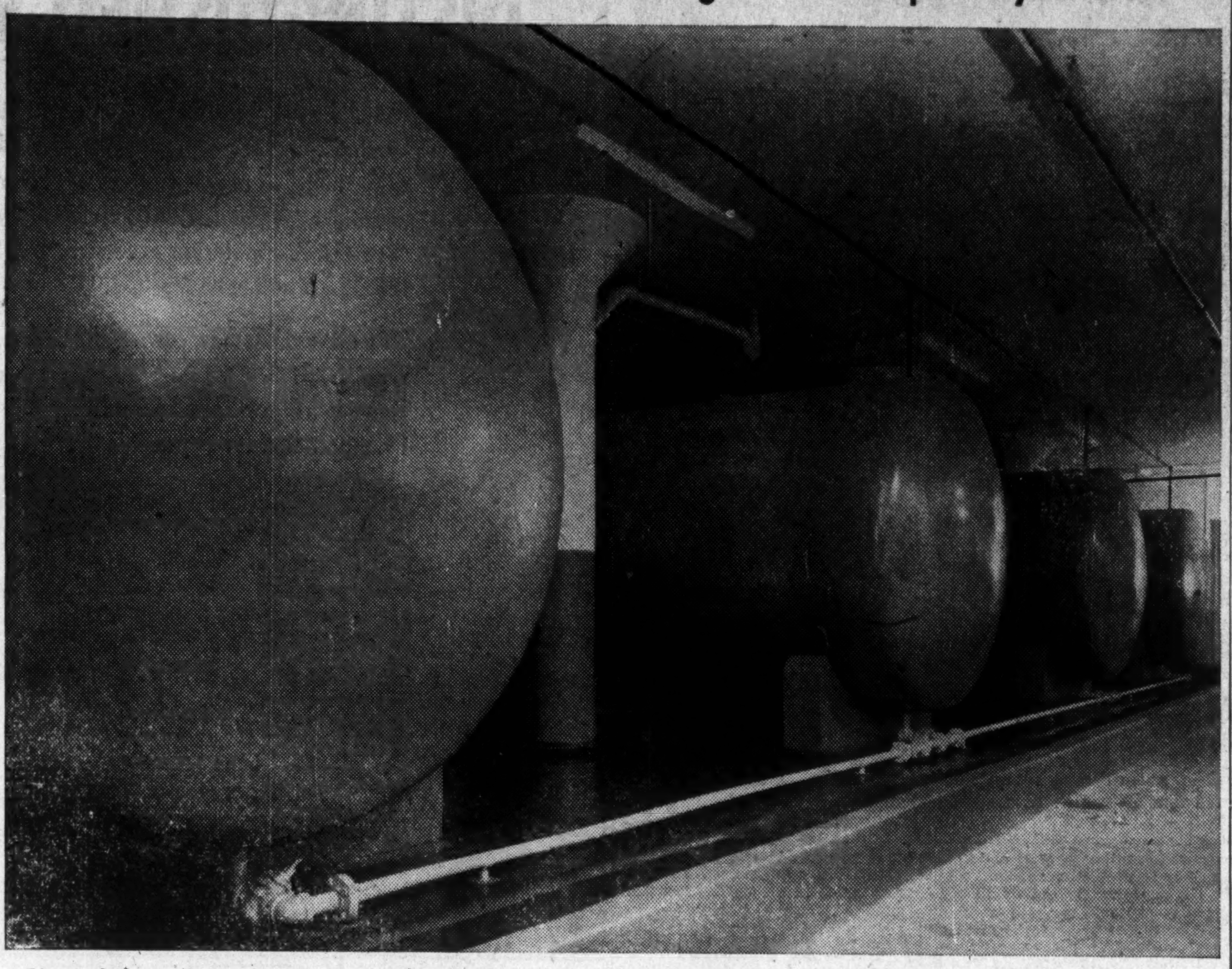
The fact that Canadian knitting mills as a whole supplied normally over 80% of the domestic demand has kept them from feeling excessively the disruption of normal trade. And the fact that with the exception of hosiery, military requirements of knitted products are largely more in the nature of comforts than necessities, has freed the knitting plants from unwieldy increases in output.

Cotton Yarns Scarce

The mills are now feeling the impact of war requirements in a minor shortage of cotton knitting yarns. Diversion of cotton spindles to produce weaving yarns has come in 1941 as a result of sharp increases in Government orders for various types of woven fabrics. As soon as this peak production of woven materials is passed, the spindles will return to knitting yarns, the shortage will be over. No shortage of raw cotton exists, nor is there a lack of spinning capacity, only a temporary diversion.

Aside from the scarcity of materials in the first months of the war, the woollen knitters have not experienced serious difficulty in obtaining supplies of yarn, inventories of wool were generally substantially higher at the beginning of 1941 than they had been a year earlier and in many cases have been added to since.

Earnings of the industry, before taxes, appear to be generally maintaining the levels of 1940. Outlook for the second half of the year in silk hosiery will be largely dependent on the regularity of shipments of bemberg and fine cottons from England. By 1942 the Canadian industry should be rendered less vulnerable to shipping problems. The supply of cotton knitting yarns should be restored to previous levels in the near future. A problem now facing the industry is that of high labor turnover as a result of enlistments and transfer of trained workers to war industry. This has meant training new recruits to the knitting trades, dilution of staff with female workers.



Chemicals for making rayon are stored in large tanks until piped out to process cellulose fibres. The tanks are filled from tank cars which enter on a trestle on the second story.

Celtic Knitting

Sales of Celtic Knitting Co. in the current year have been at last year's levels. This, however, has not been reflected in net earnings, because of higher wage costs and prices for raw materials. Lack of man power is having an adverse effect on production, which is declining in the current year. Outlook for the remainder of the year is somewhat uncertain and earnings are not expected to parallel those of last year.

In 1940 the company reported operating profit of $40,699, and a net profit of $12,361. This compares with operating profit of $28,053 in 1939 and net profit of $6,126. Earnings on the common stock in 1940 were 46 cents, against 23 cents in the preceding year.

The company paid an initial dividend of 15 cents a share on Sept. 1, 1929, and none has been paid since.

The company manufactures women's, children's and men's silk, silk and wool, and cashmere hose. The company's business is almost wholly of a peacetime nature as it is not equipped to handle war business. Products are in the lower price field and prices have been maintained. Difficulty has been encountered in attempting to raise prices to compensate for higher wages and material costs.

Mercury Mills

In the first half of 1941, sales of the wide range of knitted goods produced by Mercury Mills Ltd. are up about 22% over the corresponding period of 1940 and in comparison with 1937 are up about 50%. The increase in demand this year is stated to be almost entirely civilian, at least in so far as the first half of the year is concerned. Government orders are currently somewhat below last year's records but are expected to increase in the fall.

The two plants of Mercury Mills at Hamilton and Listowel, the latter operated by the subsidiary P. K. Mills Ltd., are equipped to produce a wide range of knitted goods, the major part of the output being wool, cashmere, and silk hosiery and underwear.

Earnings last year, after allowing for taxes at about four times the 1939 figure, amounted to 77 cents per common share. Adjustments of the tax in accordance with the depressed industry classification has been applied for, although no decision on this score has yet been reported. Increasing labor and material costs, and the scarcity of certain trimming materials may have a somewhat adverse influence on earnings, although current indications point to an improvement in operating profits over 1940.

Monarch Knitting

Sales of Monarch Knitting are reported to be rising as a result of increasing civilian demand. Military orders are reported to be considerably lower in the first half of 1941 than they were last year. Production is being maintained at capacity rates with labor costs rising partly as a result of higher labor turnover.

The problem of maintaining supplies of raw materials has been acute only in connection with natural silk and long fibre cotton which was formerly imported from Egypt. The Egyptian cotton has been replaced to a great extent with the long fibre Sea Island cotton from the United States. To some extent, use of shorter fibres has been resorted to.

In common with other companies applying for depressed industry classification under the excess profits tax, Monarch Knitting has not yet received a final decision. Taxes last year amounted to $107,000 compared with $30,158 the year before.

As a result of these high taxes earnings on the preferred stock were $6.25 in 1940 against $12.41 in 1939, preferred dividend requirements being $7 annually. Operating profit for the year was $22,000 higher than in 1939. From current indications, earnings are running above 1940, and with a larger than normal number of sales booked in advance, the current rate of earnings can be expected to continue well into the second half of the year.

J. R. Moodie

Financial statements are not published by J. R. Moodie Co. of Hamilton. The company manufactures underwear and knitted goods.

Capitalization consists of 36,000 no par value common shares authorized and outstanding, and $412,500 6% first mortgage bonds due July 1, 1948.

Regent Knitting

Sales of Regent Knitting Mills Ltd., manufacturers of woollens, worsted and knit goods at St. Jerome, in the first quarter of the current year were below those for the same period last year. War order volume decreased but civilian demand was better.

In 1940 war orders were responsible in a large degree for higher sales. Plant activity was up 40% over 1939, with gross profit increasing to $636,958 from $420,728.

Net profit amounted to $115,542, compared with $43,597 in 1939. Reserve for income tax of $63,349 was provided, against $10,324 in 1940.

(Continued on page 20)

EVERYTHING ELECTRICAL for Textile Mills . . .

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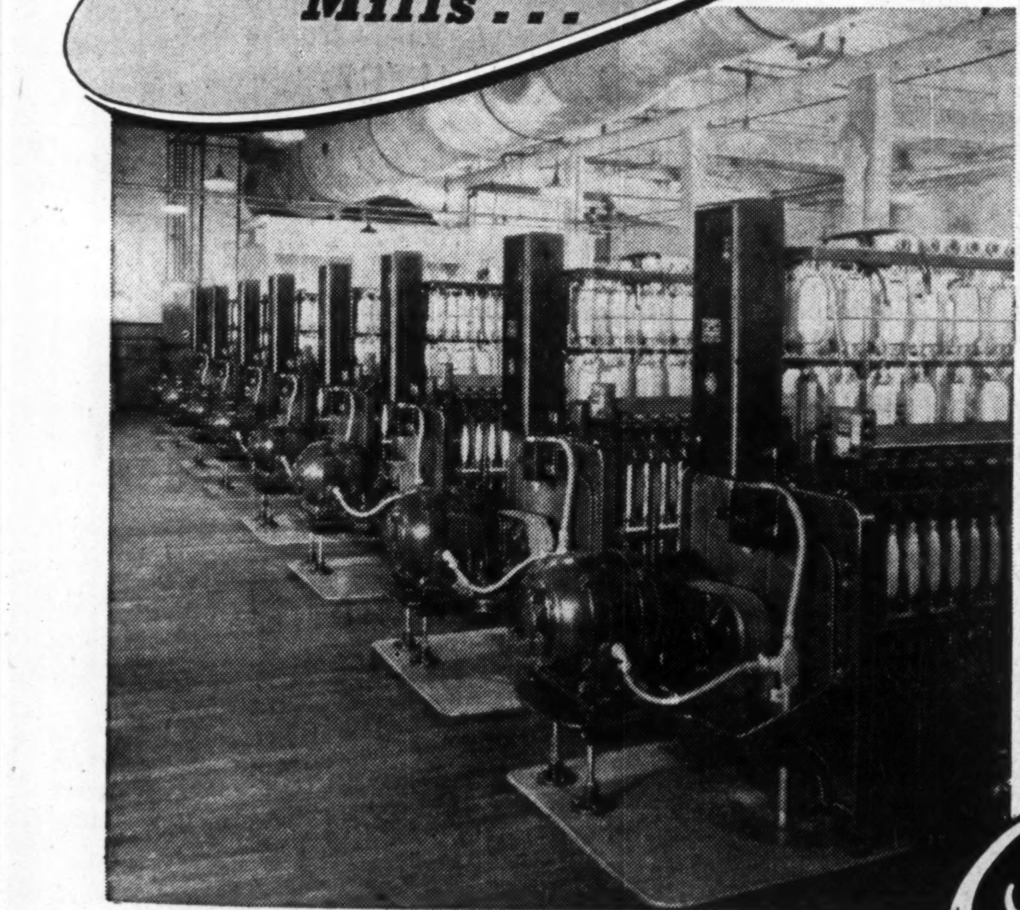

When you specify General Electric equipment you immediately place at your disposal the widest selection of electric machinery for textile mills in Canada.

You not only have the assurance that the equipment will give day-in and day-out dependable service on the job, but by purchasing all your equipment from one source of supply, Canadian General Electric, you obtain the benefits of undivided responsibility and save time and money.

Experienced engineers, at the C-G-E office nearest you, are available to assist you in the selection of equipment best suited to your needs.

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Cotton Mills In High Gear

Maintenance of activity in Canadian cotton mills is indicated by the Cotton Institute of Canada's monthly report of cotton used by Canadian mills during June.

The Institute reports 43,721 of 500 lb. gross weight cotton bales opened in June, compared with 45,183 bales in May. On the basis of working days, maintenance of activity is shown. In June last year there were 41,207 bales used.

June Operations Higher

The Institute's index of activity rose to 177.9 in June from 175.8 in the previous month, while activity was up substantially from 161.3 in June, 1940.

The past month was the second most active in the current year, according to the index, surpassed only by April, when the index stood at 181.1.

Following are comparative statistics of cotton used and index of activity:

Cotton Consumption in Canada
***Bales Opened**

	1941	1940
January	42,268	38,952
February	44,911	43,455
March	45,515	44,464
April	46,404	43,784
May	45,183	45,020
June	43,721	41,207
July	.....	42,958
August	.....	40,576
September	.....	39,092
October	.....	44,787
November	.....	43,756
December	.....	43,554
Six months	268,002	256,882
12 months	.....	511,605

*500 lb. gross bales.

Adjusted Index
(1935-39 = 100)

	1941	1940
January	163.3	151.0
February	169.6	169.1
March	174.7	175.0
April	181.1	174.2
May	175.8	179.1
June	177.9	161.3
July	....	164.9
August	....	157.7
September	....	150.4
October	....	171.6
November	....	168.4
December	....	166.5

Leading Hotels Know Value of

HARDING CARPETS

They know that Harding carpets fill the demand for luxury — richness, softness, beauty. They know, too, that Harding carpets answer that other important requirement — durability.

SEAMLESS AXMINSTER AND WILTON RUGS

as made in the Harding factories at Brantford are ideal for your Board Room, your President's office, your club and your own home. They are the pride of the Canadian textile industry.

HARDING CARPETS LIMITED

Brantford, Ont.

TORONTO MONTREAL VANCOUVER

Nearly 2 Million Blankets

To the end of March, 1941, the woollen industry had supplied Canada's armed forces with 1,847,127 blankets. In addition there were 49,000 special white naval blankets and 100,000 blankets for internment camps.

Life Begins with Wages

BEFORE a man can marry . . . establish a home . . . found a family . . . there has to be — a pay envelope!

Thousands of skilled workers find employment in the mines, mills, collieries, blast furnaces, ship yards and allied operations of the Dominion Steel and Coal Corporation . . . and hundreds of thousands more depend indirectly on the activities of the company.

Annually, Dosco pays out over $60,000,000 in wages, in taxes, in freight charges, in payments and purchases of every kind and degree. Like a mighty river, this stream of dollars rolls across the whole Dominion . . . keeping men employed . . . holding homes together . . . building a better, more prosperous Canada.

If you are a buyer of steel or its products — or of bituminous coal — remember Dosco products are more nearly 100% Canadian than any similar products available anywhere.

DOSCO

DOMINION STEEL AND COAL CORPORATION LIMITED

EXECUTIVE AND SALES OFFICES: CANADA CEMENT BLDG., MONTREAL — WAREHOUSES AND SALES OFFICES ACROSS CANADA

• Only Producer of Steel and Steel Products in Canada Wholly Self-Sustained Within the Empire •

Cotton Mills at Record

(Continued from page 14)

half of the Government. Technical and selling departments have worked in collaboration with the Department of Munitions & Supply and the National Research Council in developing yarns and fabrics particularly suitable for war use.

The company points out in its annual report that selling prices on Government orders have yielded only a small margin of profit.

Net earnings from operations amounted to $7.9 millions 1940-41, in comparison with $4.5 millions in 1939-40. Net profit, however; amounted to $2 millions in the year ended March 31, a decrease of $179,924 from the previous year. This decline was after providing for $4.2 millions for income and profits taxes, compared with $831,899 in the preceding year. Depreciation provision was increased by $251,289 to $2 millions.

Net profit was equal to $7.03 a share on the common stock against $7.70 in the preceding year. The company has paid dividends of $5 a share from 1935 to 1941, inclusive.

It is expected by the company that the current year will equal if not exceed last year's record production. Advancing cost of materials and operation and distribution charges, which have been absorbed only partially in advanced selling prices, are likely to lessen earnings ih the current year.

The company maintained a strong financial position in the past year, with net working capital increasing to $10.3 millions from $9.5 millions. Funded debt was reduced during the year by $100,000 to $4.3 millions. Inventories increased to $5.5 millions from $4.8 millions, while securities held by the company increased to $5.4 millions from $2.7 millions. Increase in liquid assets,, however, was largely offset by increased provision for taxation.

Drummondville Cotton

Drummondville Cotton Co., owned and operated by Dominion Textile Co., is one of the most important producers of textiles for war purposes in Canada. The plant is turning out large quantities of cotton yarn and cloth, about 50% of which is destined for government account.

The company operated night and day shifts throughout 1940, and to further extend production, capacity is being broadened by a $600,000 modernization programme.

The company manufactures tire fabrics, fish nets and twines. The fish net division was established over two years ago to provide a domestic source of supply for Canadian fishermen. This material is also being used now by the army to camouflage gun emplacements, etc.

By virtue of the large expansion programme, now nearing completion, Drummondville Cotton Co. is one of the largest producers in the industry.

Spinning equipment is being modernized and the organization has expanded equipment for production of duck and tire fabrics. It has centralized its fishing line and netting machinery in a new building.

No financial statement is reflected in dividends of the parent company.

Hamilton Cotton

Heavy demand in 1940 for certain of the company's products for war purposes found the Hamilton Cotton Co. in an advantageous position as a result of the overhaul of machinery which took place in 1939. This renovation permitted the company to take care of its wartime demands and meet in addition its normal peacetime requirements which cover a wide range of products.

In its Hamilton and Trenton, Ont., plants, the latter operated by the subsidiary Trent Cotton Co., Hamilton Cotton operates over 26,000 cotton spindles with processing equipment for its yarn; 122 cloth looms; 108 webbing looms and some 605 braiders for the manufacture of elastic and cotton braids and cords. High-pressure boilers are installed to develop power and to provide necessary process steam requirements. Output includes a diversity of products such as elastic webbing, webbing for straps, yarn and twine, cordage products such as clothesline, sash cords, and cotton cloth. All yarns for its own use are spun by the company and normally a surplus of 55% of its yarn output is available for sale. In addition to this work the company does its own dyeing and bleaching and carries on this business on a custom basis.

Operating profit of $805,658 in 1940 compared with $328,432 in 1939. Provision for taxes increased to $329,500 from $26,450 with the result that net profit advanced only to $137,948 in 1940 against $100,145 in 1939. Earnings on preferred stock in 1940 amounted to $7.54 per share against $5.42 in 1939, and permitted payment of the required $2 per share plus $2 on arrears. In 1941 an extra dividend of 25 cents has been paid on July 2 on account of arrears which now amount to $3.50 per share on the preferred stock.

Montreal Cottons

Output of nearly all lines of Montreal Cottons Ltd. has increased in the current year over 1940.

Engaged in making a wide range of cotton textiles, artificial silk, spun rayon, draperies, etc., the company experienced an extremely active year in 1940. Total yardage was 17.09% over 1939 and poundage was up 34.06%. Employees of the organization increased from August to December of 1939, from 2,650 to 3,150 and by the end of 1940 the number had further increased to 3,520. Hours of employment in the Valleyfield plant increased 55% in 1939 and reached 72% above the pre-war figure at the end of 1940.

A manufacturing profit of $1.3 million was reported for 1940, an increase of $129,256 from 1939. Increase for income tax reserve pared net profit to $344,383 from $622,473.

Earnings on the 7% preferred stock amounted to $11.48 in 1940 and $20.75 in 1939. The common stock showed earnings of $4.48 and $13.75 a share respectively.

Dividends were raised on the common stock to $4 a share annually with a quarterly payment of $1 on March 15, 1940, and have been maintained at this rate since. A rate of $2 a share was paid on the common stock after resumption of payments on March 15, 1937. Prior to that time nothing had been paid for four years. The preferred dividend has been paid regularly since 1911.

The company made a general wage increase in July last year, and a cost-of-living bonus plan wlil become effective if the cost-of-living index shows a 5% increase above the level prevailing at that time. Increases in wages and higher costs for materials will be reflected in further increases in the selling price of manufactured goods as time progresses, the president of the company stated in the annual financial statement.

N. S. Textiles

Nova Scotia Textile Co., Windsor, N.S., manufactures knitted goods of cotton and wool for men and women. At present, capacity of its plant is running at 600 dozen pieces daily.

The company is augmenting its productive capacity by installation of new machinery and plans to increase output to 1,000 dozen pieces daily.

Operations in the current year have been at a high level. For years the company has operated two shifts daily.

The company has received no Government orders and is engaged entirely in servicing normal retail outlets.

Wabasso Cottons

Like other companies in the cotton manufacturing industry, Wabasso Cottons' business has moved sharply upward. The company reported earnings from operations of $2.2 millions in the year ended May 3, 1941, an increase of $495,977 over the preceding fiscal year.

Increase in tax provision from $438,346 to $1.1 million, however, lowered net profit to $568,216 from $576.862. Net was equal to earnings of $8.13, compared with $8.25 in the preceding 12 months.

The company paid dividends of $2 a share and $1.38, respectively. Quarterly dividends of 50 cents a share are being paid regularly, the previous quarterly payment of 25 cents being increased to 38 cents a share on Jan. 2, 1940, and to 50 cents on April 1, 1940.

Net capital additions last year totalled $590,172, including cost of a new boiler house and two high-pressure type coal steam generators and supplementary equipment. The company has installed this equipment to assure a supply of steam previously generated by surplus electric energy, now no longer available because of war conditions.

From standing timber to silken skein, rayon demands constant handling and grading to ensure quality and uniformity. This is the final inspection before grading and distributing.
—*Photo by Industrial Rayon Corp.*

Textile Income Up 45.7%

Textile Taxes Rise 227.4%

		Gross Income	Taxes	Share Profits	Working Capital
PRIMARY COTTON:					
Can. Cottons	1940	$2,292,330	$1,226,703	$12.23	$6,865,289
	1939	1,840,662	268,652	13.48	6,434,683
Cosmos Imperial ..	1940	760,062	340,500	2.09	1,103,197
	1939	391,537	53,024	1.92	1,106,935
Dom. Textile	1941	8,388,502	4,192,455	5.66	10,328,218
	1940	4,977,974	1,336,531	7.70	9,509,047
Hamilton Cotton ..	1940	757,079	329,500	5.06	996,171
	1939	282,114	26,450	3.16	821,269
Montreal Cottons ..	1940	1,295,907	533,000	4.48	2,384,580
	1939	1,205,414	164,000	13.75	2,264,701
Wabasso Cotton ...	1940	2,215,524	1,067,822	8.13	1,869,947
	1939	1,719,547	438,346	8.25	1,906,356
Total	1940	15,709,404	7,689,980		23,547,402
	1939	10,417,248	2,287,003		22,042,991
WOOLLENS:					
Dom. Woollens ...	1940	$ 849,849	$ 315,000	$1.03	$ 929,823
	1939	377,445	40,000	0.25	648,327
Paton Mfg.	1940		Not Reported		
	1939		Not Reported		
Penmans	1940	1,154,572	500,000	4.54	2,627,679
	1939	748,575	125,000	4.09	2,556,300
Stanfield's	1940	137,201	†	13.72	1,452,575
	1939	129,650	†	12.97	1,359,300
Total	1940	2,141,622	815,000		5,010,067
	1939	1,255,670	165,000		4,563,927
† Not shown separately.					
SILKS:					
Belding-Corticelli ..	1940	$ 469,268	$ 120,000	$9.94	$1,132,644
	1939	325,702	44,000	6.96	1,030,163
Bruck Silk	1940	217,676	35,156	0.47	659,475
	1939	112,635	7,453	0.24	666,061
Can. Celanese	1940	2,730,155	765,000	2.23	4,474,531
	1939	2,929,709	445,000	4.07	5,085,607
Ontario Silknit	1940		Not Available		
	1939	265,532	34,625	....	799,293
Riverside Silk	1940	53,484	†	d0.33	433,521
	1939	80,742	†	1.04	401,109
Supersilk Hosiery ..	1940	72,377	†	0.48	447,554
	1939	84,333	†	0.59	270,337
Total	1940	3,542,960	920,156		7,147,725
	1939	3,533,121	496,453		7,473,277
† Not shown separately.					
KNIT GOODS:					
Celtic Knit	1940	$ 37,263	$ 3,608	$ 0.46	$ 84,772
	1939	25,803	276	0.23	66,904
Mercury Mills	1940	387,220	104,000	0.77	761,792
	1939	264,148	27,956	0.44	621,902
Monarch Knit	1940	188,875	107,000	d0.44	846,081
	1939	166,406	30,158	3.18	833,141
Regent Knit	1940	367,266	63,349	1.38	982,040
	1939	181,823	10,324	0.28	841,308
York Knitting	1940	524,334	130,000	0.61	1,302,364
	1939	470,342	76,000	1.00	1,273,745
Total	1940	1,504,958	407,957		3,977,049
	1939	1,108,522	144,714		3,637,000
CONVERTERS:					
Can. Converters ...	1941	$ 123,160	$ 35,171	$ 3.28	$ 631,341
	1940	107,888	18,500	3.59	613,810
Tip-Top Tailors	1940	920,389	371,612	1.24	1,490,661
	1939	434,025	68,519	1.51	1,407,614
Tooke Bros.	1940	76,994	15,000	d4.92	417,648
	1939	21,702	......	d7.89	376,612
Woods Mfg.	1940	521,195	140,000	d3.00	1,171,931
	1939	239,190	40,000	d0.47	936,582
Total	1940	1,641,738	461,783		3,711,581
	1939	802,805	127,019		3,334,618
CARPETS:					
Harding Carpets ..	1940	$279,535	$ 97,000	$0.32	$ 481,041
	1939	185,627	23,000	0.61	468,158
Guelph Carpets ...	1940	267,157	155,000	1.55	751,598
	1939	169,486	23,000	2.04	736,625
Total	1940	546,692	252,000		1,232,639
	1939	345,113	46,000		1,204,783
MISCELLANEOUS:					
Acme Glove	1940	$111,694	$ 30,135	$ 0.47	$ 850,481
	1939	25,724	723	d1.72	818,627
Biltmore Hats	1940	135,084	38,320	0.85	416,740
	1939	141,127	21,178	0.625	428,689
Brantford Cordage .	1940	389,376	151,491	1.70	1,733,403
	1939	19,427	......	d1.04	1,576,789
Total	1940	636,154	219,946		3,000,624
	1939	186,278	21,901		2,824,105
Grand Total	1940	25,723,528	10,766,822		47,627,087
	1939	17,648,757	3,288,090		45,080,701

d—Deficit.

DISTINGUISHED SERVICE

• Since three years after Confederation Penmans Limited has been supplying the Canadian people with high quality garments. Penmans have maintained a standard of excellence by using only the finest raw materials, the most skilled labour and the newest authentic fashions.

This distinguished service rendered by Penmans is repaid with the confidence of people throughout the Dominion. They have learned they can rely on the Penmans label for dependability.

PARIS Penmans ONTARIO

KNITTED UNDERWEAR OUTERWEAR SPORTSWEAR HOSIERY

Officers of the Company

R. B. Morrice, President — H. W. Lundy, General Manager
Archie F. Baillie, Vice-President — C. B. Robinson, Secretary-Treasurer

MILLS AT:
PARIS LONDON BRANTFORD WATERFORD, ONTARIO COATICOOK and ST. HYACINTHE, QUEBEC

Nufashond
Presents a complete line
RICKRACK — TRIMMINGS — ELASTICS
SHOE BINDING
CLUNY AND FILET LACES
La-ce-lastic
Lacy Open-work Elastic for quality undergarments
NUFASHOND NARROW FABRIC COMPANY of Canada Limited
ST. CATHARINES ONTARIO

COSMOS Imperial Mills LIMITED

Manufacturers
INDUSTRIAL COTTON FABRICS
Made to Specification
WIDE, SAIL AND OUNCE DUCK

Head Office:
HAMILTON, ONTARIO

Mills:
YARMOUTH, N.S. - HAMILTON, ONT.

Selling Agents:

J. Spencer Turner Company, Ltd.
HAMILTON, ONTARIO

YORK KNITTING MILLS LIMITED

Makers of

UNDERWEAR
All types of knitted underwear and lingerie for men, women and children.

OUTERWEAR
Sweaters, pullovers, polo shirts, etc., for men, women and children.

HOSIERY
Men's socks, Women's full-fashioned and circular stockings, Children's hose.

BATHING SUITS
For men, women and children.

YARNS
Cotton, woollen, mixtures, worsteds.

BRAND NAMES
•
"HARVEY-WOODS"
"QUICKEES"
"P.D.Q'S"
"TWIN-LINE"
"HATCHWAY"
"ZIMMERKNIT"
"FINE HOSIERY"
"YORKNIT"
"LANCASTER"
"SENSATION"

OPERATING DIVISIONS
WOODSTOCK:
Harvey Woods Underwear
Hosiery
TORONTO:
York Spinning
Toronto Hosiery
Harvey Woods Hosiery
Woods Underwear
HAMILTON:
Zimmerknit

HEAD OFFICE
70 CRAWFORD ST., TORONTO

OUR 85TH YEAR
QUALITY SINCE 1856

DOON TWINES, LIMITED

established in 1856, are the largest spinners in Canada, manufacturing flax, hemp and jute yarns from the raw material. Every branch of Canadian enterprise has use of DOON TWINES products, which can be purchased with complete confidence in their quality and the integrity of those engaged in the making of them.

DOON QUALITY TWINES CAN BE PURCHASED THROUGH THE BEST JOBBERS IN CANADA FROM COAST TO COAST AS WELL AS FROM THE FACTORY.

Doon Twines, Limited
MANUFACTURERS
ROPES AND TWINES
SISAL, MANILA and HEMP — SISAL, JUTE, HEMP and FLAX
Office and Plant, KITCHENER, Ontario

Millions For Equipment

Modernization of Mills Geared to War Effort

More than $12 millions was spent by the Canadian textile industry on plant and machinery during 1940, according to an estimate of the Manual of the Textile Industry in Canada. This compares with $8 millions in the preceding year. The current year's outlay is expected to exceed that of 1940.

All branches of industry entered the war period with plant and equipment in good order. The Canadian industry has kept pace with technical improvements in machines and equipment and in the past 15 years machine unit production has been doubled and trebled.

Adopt New Methods

While average manufacturing efficiency in Canada is the equal of any country in the world, scientific research has originated outside the Dominion. Canadian industries have quickly adopted new developments in machinery and processes.

Since 1933 Canadian textile plants have been engaged in a broad programme of modernization. In the nine-year period more than 50 entirely new concerns have commenced operations, and many of them have constructed new plants.

Aids War Effort

When war broke out the modernization programme was well advanced. In every sphere of textile production the industry was immeasurably better placed to fill the needs of war than it was in 1914. Output of woollen goods, cottons, and rayons was pushed to an all-time high in 1940.

The vast acceleration in activity of primary textile plants has been due in a large measure to war orders. But much of the plant expansion programme has been attributable to expansion in civilian trade.

The industry has directed war expansion so that there will be as little as possible surplus capacity in the post-war period. Production has been diversified by the manufacture of new products and basic materials. Much obsolescent machinery has been replaced by new equipment, and when demand for war production drops, the industry will be in possession of modern and efficient plant to serve normal requirements.

New Methods Used

Modernization and expansion were speeded up in 1940 to allow for the new factor of war. In addition there were several instances of entirely new processes and methods being adopted by Canadian companies.

One of the most important of these was the commencement of work on a new nylon yarn plant by Canadian Industries Ltd. at Kingston, Ont. This yarn, developed in the United States by the du Pont interests, is expected to be used as a substitute for raw silk in the manufacture of silk hosiery. Initial cost of the plant will be upward of $1.5 million, and it is expected to be in production late this year.

Army uniforms by the thousand have been turned out by Canada's textile industries. Here they are being stocked to replace worn-out battle dress or to outfit new recruits.

Modernize Knit Business

The long-established knit goods and woollen industry met urgent war demands by the most extensive programme of plant expansion and modernization in its history. Range of products was widely increased and efficiency improved.

An entirely new concern, Wool Combing Corp. of Canada, was established at Acton, Ont., to produce cross bred and merino tops in co-operation with the Canadian Wool Administrator. This plant has a capacity of three million lb. of tops annually, and will offset difficulty in importing British tops.

1940 Plant Expansions

Maitland Spinning Mills Ltd., Listowel, Ont., spent over $100,000 on new worsted spinning frames, preparation equipment, and a humidifying and dyeing plant.

Renfrew Woollen Mills, Renfrew, Ont., embarked on a programme of modernization which will involve expenditures of $150,000.

One of the best known organizations in the business, Penmans Ltd., spent $211,175 on modernization in 1940. Other large companies in this group, Monarch Knitting Mills and York Knitting Mills, spent considerable sums on bringing plant up to wartime pitch. Regent Knitting Mills is embarking upon extensive modernization of its St. Jerome, Que., plant.

The majority of the smaller units in the woollen and knitted goods division carried out extensive alterations and renovations during 1940.

The extent of work to be done in the current year will surpass the 1940 programme, and will further consolidate and strengthen the position of the industry.

Cotton Plant Changes

Working at capacity in 1940 the cotton manufacturing industry found it necessary to make many changes in plant.

As a leader in the field Dominion Textile made capital expenditures of $1.8 million in its 1940 fiscal year. Much of this was expended in rehabilitating the St. Anns, Que., yarn mill and construction of a new building for the general machine shop.

Canadian Cottons Ltd. spent $268,704 to install new machinery.

Montreal Cottons Ltd. spent $278,506 on various improvements at its Valleyfield, Que., plant.

Wabasso Cottons Ltd. and other organizations in this group made extensive changes to equipment and machinery.

Rayon Industry

The newest branch of textile enterprises, the rayon yarn and cloth industry, expanded greatly in 1940. New plants were established for the production of rayon staple fibre yarns.

This industry was only interested in the war effort to a limited extent, principal contribution from this source being silk parachute cloth and silk cords.

Prohibition on imported raw silk at Dec. 2 last year created a large demand for rayon yarns for hosiery.

Canadian Celanese Ltd., Drummondville, Que., spent about $1 million in installing new machinery, modernizing steam and electrical plant, and building additions to other parts of the plant.

Courtaulds (Canada) Ltd. installed 20 new spinning frames during the year, bringing the total to 156 machines, with an estimated capacity of 12 to 14 million pounds of yarn annually.

Dominion Textile Co. purchased equipment for a 5,000 spindle unit at its Sherbrooke plant for the manufacture of staple fibre yarns.

Other plants producing rayon yarns and industries weaving rayon have made important additions and renovations to plant.

"Windsor Wear" for Men *"Evangeline" for Women*

UNSHRINKABLE UNDERWEAR

NOVA SCOTIA TEXTILES Limited
Underwear Manufacturers
WINDSOR, NOVA SCOTIA

C. I. L. Soon to Make New Nylon Yarns Here

Erection of a plant at Kingston, Ont., by Canadian Industries Ltd. to manufacture nylon yarn promises to be the nucleus of a large Canadian industry. Cost of construction is estimated at $1.5 million and the plant will have a capacity of 300,000 lb. of yarn annually. Operations are expected to start by the end of this year.

Demand for nylon has been given considerable impetus by restriction on raw silk imports under the War Exchange Conservation Act.

Initial output of C.I.L.'s new plant will be absorbed entirely by hosiery manufacturers, but other articles are being fabricated from the material and extensive experiments are being carried out to develop new uses.

The main ingredient of nylon is nylon primer, which will be imported from the United States. Estimated consumption of nylon yarn at present in Canada is inadequate for economic production of this material in the Dominion from the basic raw materials, coal, air and water. But when consumption in the Dominion reaches the necessary volume, chemical manufacturing processes necessary for conversion of coal tar derivatives into nylon polymer will be installed.

Use More Rayon

Per capita consumption of rayon fabrics in Canada last year amounted to 5.89 yds., compared with 5.04 yds. in 1939 and 3.91 yds. in 1938.

Doing their bit in MOCO KHAKI DRILL

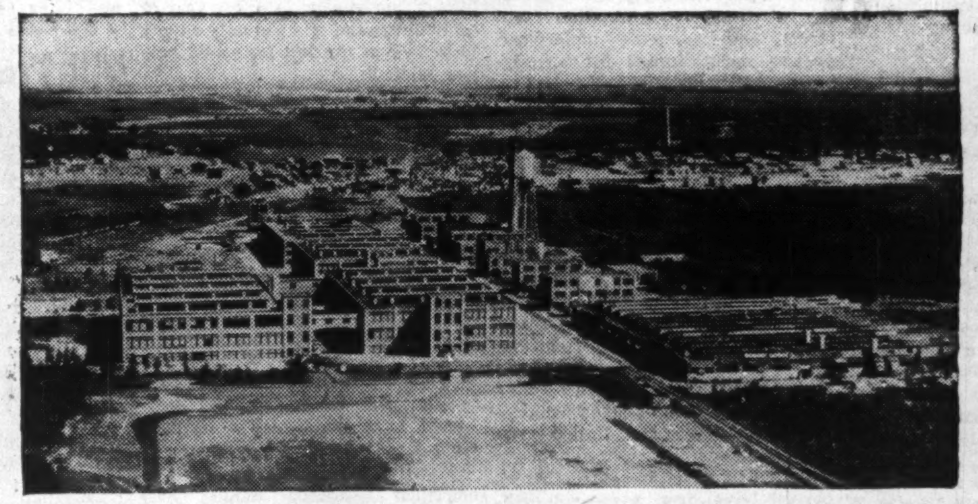
It's a big task to clothe an army. But the employees of the Montreal Cottons Limited are doing their bit towards that end and to date in the MOCO mills over 4,000,000 lbs. of cotton have been made into khaki drill and khaki shirtings right here in the Province of Quebec.

Moreover, as a further contribution to the cause of victory, 3205 employees of the Montreal Cottons Limited are buying $68,000 a year in War Savings Certificates.

THE MONTREAL COTTONS LIMITED
Valleyfield, Quebec

CANADIAN CELANESE LTD.

A Canadian Institution



Canadian Celanese, Ltd., Drummondville, P.Q.

WHO OWNS CELANESE?

Number of Shareholders Registered with the Company:

	Common Stock	Preference Stock	Income Funding Rights
CANADA	2,262	1,205	229
Great Britain	186	176	126
United States	148	107	42
Others	35	28	8
Total	2,631	1,516	405

CELANESE IS CONTROLLED BY COMMON AND PREFERENCE STOCKHOLDERS

Where Is This Voting Control Held?

CANADA	Great Britain	United States	Others	Total
54.3%	34.2%	10.0%	1.5%	100%

Capital invested in Buildings, Site, Improvements, Machinery and Equipment $12,500,000.00.

Total Number of Employees 3,000

A CANADIAN COMPANY CANADIAN CONTROLLED

CANADIAN CELANESE LTD.

Manufacturers of Celanese* Style Fabrics

1401 McGill College Avenue Montreal, Quebec

*Reg. Can. Pat. Off.

Textiles From Milk Air, Oil

Science Develops New Fabrics to Replace or Supplement Old

New fibres for use in textiles are achieving considerable prominence. Some of these, such as rayons, are not really new but only improvements and new forms for what used to be known as "artificial silk" when it was first manufactured about 1898 in France.

Others are entirely new in the past few years, have received a lot of publicity, and have proved themselves to the extent that they are particularly adapted for certain uses and substitutes for other well-known textiles.

Nylon, introduced commercially in 1939, is probably the best publicized of the more recent synthetic fibres. Vinyon, glass, casein and soy bean fibres are other new synthetics which may assume increasing importance in search for new and improved textiles, as well as substitutes for others which are becoming scarce, or where the supply is threatened.

Two Major Processes

Although there have been four recognized processes for making rayon yarn, only two are in general use today. In the viscose process, cellulose obtained from cotton linters or wood pulp is first subjected to a solution of caustic soda, treated with carbon bisulphide and, after some other processing, is forced through fine orifices or spinnerets, into a fixing bath where the filaments solidify.

In the acetate process of making rayon, the cellulose is treated with a mixture of acetic acid, sulphuric and acetic anhydride. The product is dissolved in acetone, forced through spinnerets and solidifies as fine filaments which require no washing or bleaching.

Acetate yarns have been increasing in popularity and in 1940 accounted for about 34% of rayon yarn production in the United States.

Staple Fibre.

Rayon staple fibre is a development in the rayon field which is becoming a major phase of the industry. It is used for the manufacture of spun rayon and blended fabrics. In contrast with the continuous filament rayon, rayon staple fibre is made by cutting rayon filaments to the desired short lengths. These short lengths, after any necessary washing and bleaching, may be spun into yarn on cotton, silk, or wool spinning machinery, thus giving a wide variation in the texture and other qualities of the finished product. Some authorities estimate that the consumption of rayon staple fibre will eventually exceed that of the continuous filament rayon based on recent rapid rate of growth.

Nylon Manufacture

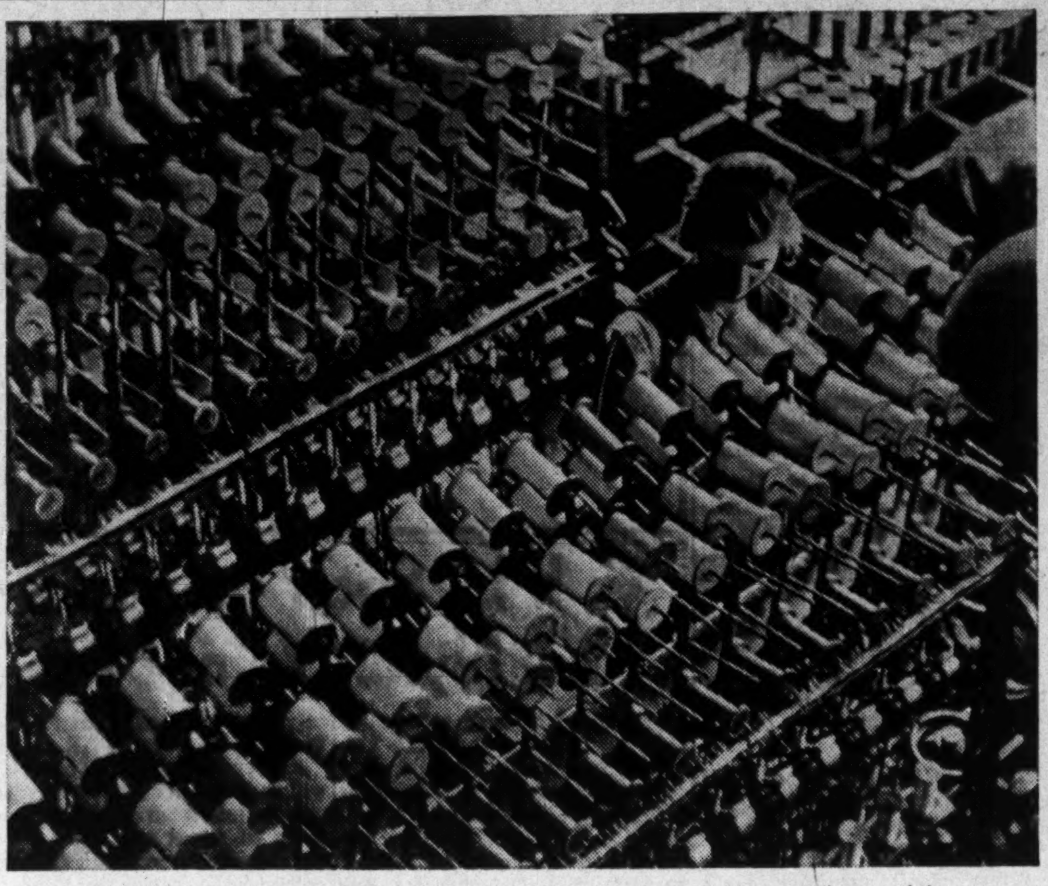
Nylon is made from nylon "salt" produced from elements and compounds derived from air, coal and water. Like rayon it is forced through spinnerets to form filaments, which solidify upon exposure to the air, and then twisted into nylon yarn. Nylon has an elastic recovery of 100% when released from a stretch of 4%, compared with a recovery of 50% for silk and acetate rayon and 30% for viscose rayon. When dry, nylon is stronger than silk and it absorbs relatively less water than wool, viscose rayon and silk. Nylon is difficult to burn, does not mildew easily and has little attraction for mold and moths.

Vinyon is a plastic made from derivatives of coal or natural gas, salt, water and air, and known as vinylite resin. It is dispersed in acetone and forced through spinnerets to form the filaments. Vinyon can be produced in staple fibre form. It is water repellent, almost as strong wet as dry, and not attacked by bacteria molds or fungi. It is extremely resistant to most strong acids and alkalis at ordinary temperatures but softens when heated to a temperature above 150 degrees Fahrenheit.

Cloth From Glass

Fibreglas, drawn from molten glass, is produced in both the continuous filament and staple fibre form. It is incombustible, durable, non-absorbent, and does not absorb moisture. Extremely flexible and resilient, fibreglas has a strength exceeding that of the strongest steel piano wire.

Saran, another new synthetic, is made from a product known as vinylidine chloride secured from crude oil and brine. It can be made in various forms such as filaments for the semi-textile trade, ribbon-like strips and in a variety of larger sections. Saran has high tensile strength, is non-flammable and resistant to light, water, acids, alkalis and most solvents. So far it has been used chiefly in weaving of seat covers for transportation equipment, theatres, restaurants and homes.



Textiles made entirely from pure silk, one stage in the handling of which is illustrated here, are being shut out of the Canadian market by wartime restrictions.

Canadian Industries Ltd. Photo

Milk as a Fibre

Fibre has been derived from the casein of milk and has recently emerged from the experimental stage. It is used at present in the commercial field for hat felts.

Soy bean fibres, although still largely laboratory products, may reach the commercial stage in the United States soon. These fibres have about 80% of the strength of wool.

When it comes to discussing the uses to which these synthetic fibres are put, not much need be said about rayon. Everyone is familiar with men's and women's underwear, dresses, socks, linings for all purposes, draperies and other house furnishings made from rayon. Particularly in women's apparel, cloth made from rayon yarns has achieved a dominant position.

Rayon Use Grows

New uses for rayon have been found in such things as the cord for heavy duty tires recently. The new rayon staple fibre has broadened the field and, blended with other fibres or by itself, is now being spun and woven into suitings and overcoatings, which sometimes compete directly with woollens and worsted fibres.

Rayon staple is invading the rug and carpet industry, particularly when the imported wools from which carpets have been made get difficult to obtain and high in price. Staple fibre rugs are offered regularly, particularly in the United States.

Silk Substitute

Nylon's greatest use so far lies in the manufacture of full-fashioned hosiery. Sewing thread and fishing lines made from nylon yarn have been on the market for some time, while nylon glove fabrics and foundation garments are now appearing in the United States. With future price and supplies of raw silk uncertain, nylon might establish itself in other luxury fields such as ladies' undergarments, expensive gowns and laces and men's fine neckties. The United States Army has been reported as pleased with the results of experiments with the performance of parachutes made from nylon yarn.

Extension of the use of nylon appears to depend upon two things, its price and productive capacity of the plants. Original prices for yarns for women's hosiery were set at $4.27 to $4.55 a pound, but already price reductions have been made. Production of nylon is still small in the United States, only place where it is being made although a Canadian factory is due to start late this year or early next year, and can only supply 10 to 15% of the full-fashioned hosiery sales.

As a comparison viscose rayon in 1917, early in its career, was priced at $4.25 a pound for first quality yarns. The price is now 53 cents.

Vinyon and Fibreglas

So far vinyon has been used chiefly in the manufacture of industrial felts, cloths, ducks and pile fabrics. Possible uses include full-fashioned hosiery, shoe fabrics, curtains, braided and knit goods, sail cloths and others. Because the yarn does not support combustion and fuses at a low temperature, it has been mentioned as a material for airplane cloth.

Fibreglas is becoming important in electrical insulation where glass tapes are employed to wind coils and glass sheets are replacing cotton and asbestos in motor generators and transformers. In the home fibreglas is used in bedspreads, tablecloths and draperies.

Not All In Canada

The only one of these fibres at present widely used and made in Canada is rayon. Canada is a large producer of the high-grade wood pulp, an essential raw material in making rayon.

For the other synthetic fibres mentioned, nylon is fairly well known in the form of women's hosiery in Canada but supplies have been strictly limited so far. Some Canadian plants are experimenting with casein fibres.

What the future of these fibres will be in Canada during wartime is hard to say. On one hand we have the need for substitutes for silk and on the other hand we have little disposition to experiment with unknown fibres in wartime. Rayon is well known and widely used. Nylon is recognized as having certain uses for which it is well adapted. It is lack of supplies which is holding back development of the latter.

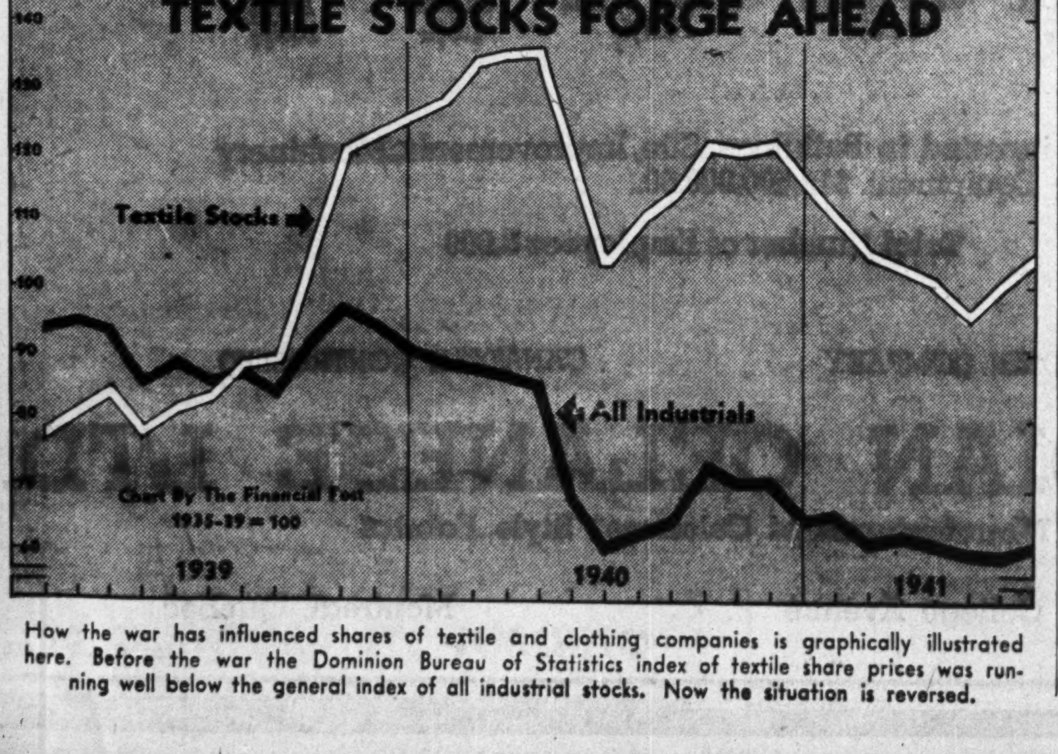
Synthetic Yarns Set Pace

(CANADIAN SYNTHETIC FILAMENT YARN PRODUCTION AND IMPORTATIONS OF RAYON YARNS AND STAPLE FIBRE)

—(Calendar Years 1925 to 1940)—

In thousands of pounds

Year	Viscose Yarn Output	Acetate Yarn Output	Total Production	Yarn Imports	Staple Fibre Imports	Canadian Supply Total
1925	507	...	507	1,851	...	2,359
1926	1,921	...	1,921	1,365	...	3,287
1927	2,512	...	2,513	1,615	...	4,128
1928	3,153	203	3,356	2,031	...	5,888
1929	3,280	403	3,684	2,221	...	5,906
1930	3,535	1,091	4,627	2,383	...	7,011
1931	4,376	1,495	5,871	1,780	...	7,652
1932	5,197	2,127	7,325	1,088	...	8,413
1933	4,567	2,766	7,334	1,757	...	9,091
1934	6,718	3,832	10,550	1,210	...	11,761
1935	8,467	4,748	13,215	1,214	...	14,430
1936	8,064	5,557	13,622	1,167	...	14,790
1937	10,173	6,325	16,498	2,022	...	18,520
1938	7,204	6,500	13,704	1,756	...	15,461
1939	7,697	6,500	14,197	3,128	2,569	19,895
1940	12,637	7,200	19,837	3,482	4,180	27,500



How the war has influenced shares of textile and clothing companies is graphically illustrated here. Before the war the Dominion Bureau of Statistics index of textile share prices was running well below the general index of all industrial stocks. Now the situation is reversed.

Textile's Tax Bill Trebled

(Continued from page 13)

45.7%. Working capital shows a moderate gain of 5.6%.

Primary cotton operators experienced a gain of nearly 50% in gross income, or $5.3 millions. Taxes took an additional $5.4 millions, or $100,000 more than the operators took in.

A similar situation prevailed for the woollen group, while the silk group reported earnings practically unchanged, but an increase in taxes of around $425,000.

In respect to knit goods, converters, carpet and miscellaneous manufacturers, the returns indicate that the gain in income was just about sufficient to cover the higher taxes payable to the Dominion Government.

As the situation now stands the textile companies may have difficulty in maintaining share profits in 1941. Plant operations are close to effective capacity, so that little is to be gained in the way of lowering overhead charges. Meanwhile costs of material and labor are advancing. Of still greater importance is the further increase in taxes which means operators in the textile industry (and other industries for that matter) will find it difficult to boost net income this year.

Clothing Canada's Fighting Forces

(Continued from page 13)

making the cost of dyes at least 30 to 40% above pre-war levels.

Canadian producers are doing an excellent job in providing the chemicals ranging from salt, sulphuric acid and caustic soda to highly complex specialty chemicals which the textile industry needs. With the United States supplies still available, no particular difficulty has been encountered by the industry.

In still other ways the ordinary consumer in Canada is going to find the war influencing his textile supplies. For instance, the mixtures of wool in the wool and cotton goods available will contain less wool and more cotton. Artificial and synthetic fibres will replace many natural products, particularly silk, wool and to some extent cotton. More and more, Canadian women are going to wear dresses made from a blend of rayon and wool or all rayon. Canadian mills have developed this product to a high standard and it is meeting with good acceptance.

Wages Aggregate $60 Millions

Wages paid by the primary textile industry in 1939, the last year for which complete returns are available, totalled nearly $60 millions. By divisions this sum was divided as follows: cotton, $18.5 millions; hosiery and knit goods, $17.8 millions; wool, $10.5 millions; rayon, $8 millions; dyeing and finishing, $1.1 million and others, $3.9 millions.

Capital Invested $255 Millions

Capital invested in Canada's primary textile manufacturing industries amounts to over $255 millions. In all there are 509 establishments and the value of their peacetime output was $226 millions yearly.

A N N O U N C I N G

Staplon*

YARN OF THE AGE

Discovered through the magic of blending

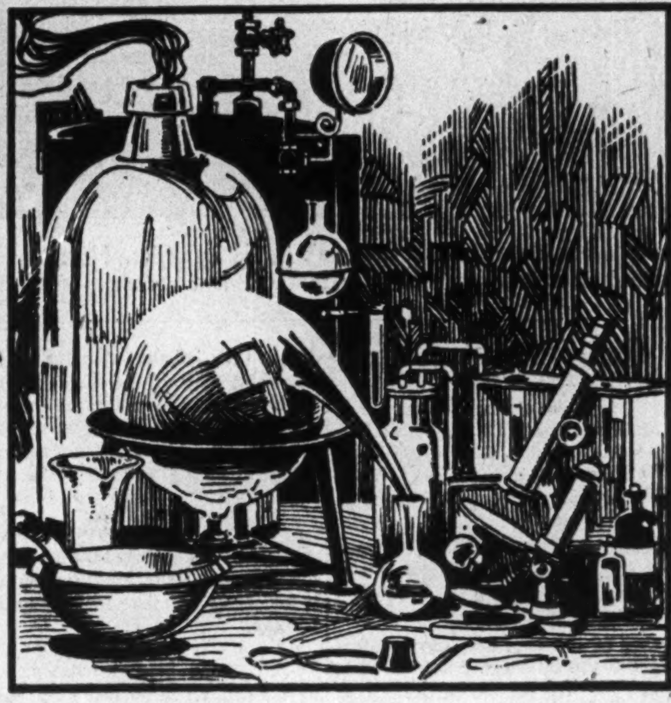
STAPLON! The first improvement in knitting yarn in more than 30 years! A sensational development, created by Lewis Limited, to meet the demand for a really better, tougher yarn!

It took years of research, it took the magic of blending, to combine the natural long fibres of combed wool with laboratory produced fibres which make STAPLON possible. But Lewis Limited have done it and this amazing new yarn — unshrinkable, soft, durable, warm, moth-repellent — is now on the market.

STAPLON, in a wide variety of forms, will soon be available in all types of men's wear and throughout the textile industry for hosiery, underwear, knitted and woven fabrics — wherever wool was formerly used. It combines the warmth and flexibility of natural wool with the strength and durability of scientifically produced fibres.

STAPLON is as modern as plastics, television, air conditioning. It brings to the woollen textile industry what Nylon brought to hosiery, what tetra-ethyl brought to gasoline.

*STAPLON is the ultimate in yarn perfection.



Lewis

LEWIS LIMITED

Head Offices and Factories: Truro, Nova Scotia, Canada

Now manufactured in ladies' skirts by Travellers Shirts Limited, Truro, N.S.; in hosiery by Lewis Limited; in sweaters by Rennie Industries Limited, Toronto, Ontario. Watch for the growing list of products and uses.

U. S. Cellulose Acetate Output Records Gain

U. S. cellulose acetate production in the form of sheets, rods and tubes registered a seasonal increase in May, amounting to 524,393 lb. and bringing the total for the year to date to 2,351,616 lb. Output, however, continues to run behind last year, when production in May totalled 702,385 lb. and for the first five months 3,304,992 lb.

Cellulose acetate production in the form of molding composition, on the other hand, shows a sharp increase this year compared with 1940. During May output totalled 2,319,133 lb. bringing accumulative production to 10,315,967 lb. for 1941. During May last year 893,374 lb. of composition were produced, making a total for the first five months of 5,096,686 lb.

Canadian Rails in U. S. Show Higher Earnings

Lines of Canadian railways operating in the United States have shown betterment in the current year.

In the first four months of 1941, Canadian National lines operating in New England pared net operating deficit to $184,285 from $267,245 in the corresponding four months of 1940.

Canadian Pacific lines in Maine recorded net operating income of $562,161 in the four month period, compared with $450,646.

Canadian Pacific lines in Vermont recorded a net operating deficit of $111,434, compared with a deficit of $141,648 last year.

Central Vermont showed a net operating income of $372,882, against $201,407 last year.

Keep 'em rolling ON TIRE FABRICS

Keep 'em hidden UNDER CAMOUFLAGE NETTING

Two of Quebec's Vital Contributions to Canada's ALL-OUT WAR EFFORT

Made by

DRUMMONDVILLE COTTON COMPANY LIMITED

Synthetic Silk Takes Up Slack

Prohibition of Silk Imports Gives Big Boost to Use of Synthetics

War conditions have a direct and important bearing on the silk and rayon branches of the Canadian textile industry. Last December a regulation was issued under the War Exchange Conservation Act calling for a limitation in the use of silk and eventual prohibition of all imports. Since April no all-silk hosiery or fabrics have been made in Canada, mills being obliged to use other fibres including bemberg, viscose, nylon and mercerized cotton yarns.

Apparent Canadian consumption of silk fabrics in Canada last year dropped to 4.1 million yards, compared with 7.6 million yards the year before. Domestic production of silk fabrics in 1940 is estimated at around 3 million yards, compared with nearly 6.5 million yards in 1939.

Canadian production of silk hosiery last year showed the same trend, though not so pronounced, output amounting to 3 million dozen pairs, or about 100,000 less than in 1939. This decline was almost equal to the drop in exports, which amounted to 404,000 dozen pairs, compared with 505,000 dozen pairs the year before.

Record Rayon Output

While real silk production, both in fabric and hosiery, declined last year, output of rayon yarns and fabrics established new all-time records. Rayon fabrics produced in Canada last year are estimated to have amounted to 63.2 million yards, compared with 50.1 million yards in 1939.

Canadian rayon yarn production aggregated 19.8 million lb. in 1940, as against 14.2 million lb. in 1939. This was the largest quantity ever reported by the industry.

Period of Transition

The real and artificial silk industries are in a period of transition of adjusting themselves to the changes necessitated by the new government ruling. Radical changes in plant and equipment may be necessary.

Practically all of the converters have been accustomed to handling rayon yarns, so that the change-over may not be so radical. On the other hand, the switch to the new nylon yarns has involved numerous changes.

At present Canada is importing nylon yarns, which are expected, in large measure, to take the place of silk in the manufacture of hosiery. By the end of this year or early in 1942, it is expected Canadian Industries Ltd. new nylon plant at Kingston will be in operation. This unit will have an annual capacity at the start of around 300,000 lb.

Belding-Corticelli

Operations of Belding-Corticelli Ltd. are continuing at a high level. Sales for the year ended Nov. 30, 1940, were the highest since 1929. The closing three months of the fiscal year were the best in the company's history in some departments.

It was reported at the annual meeting that sales in the first two months of the year increased 30% over the same period of the previous year.

Affected By Order

Restrictions on the use of raw silk will have no effect on the company's export business, according to W. F. MacDougall, president. The company is assured of adequate supplies for this purpose. Raw silk available for the manufacture of domestic hosiery, however, was cut by 25% of normal requirements at March 1, and by an additional 25% on June 1.

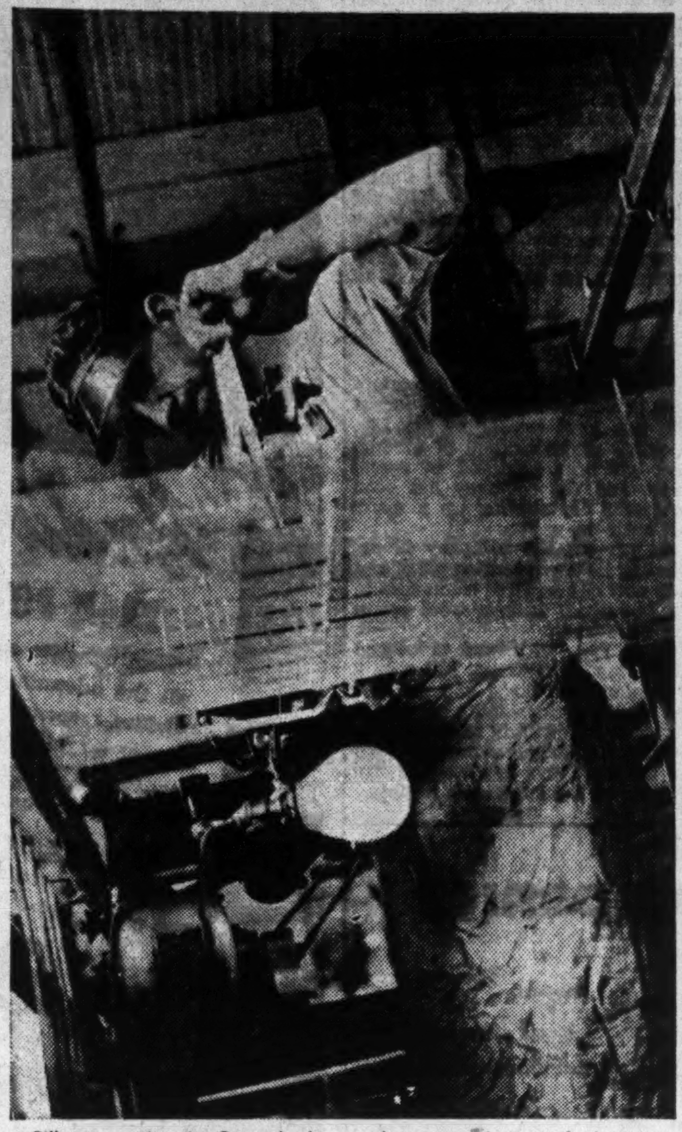
Hosiery manufacturers stopped making hosiery entirely of real silk on Feb. 28.

Silk ribbon also will be replaced by ribbon manufactured from synthetic yarns, it is believed. This follows the trend of recent years.

To a large extent silk thread is being diverted to meet essential war requirements.

Financial results in 1940 were the most satisfactory since 1929, with net profit amounting to $135,050 compared with $112,712 in the 1939 fiscal year. This was after provision for income and excess profits taxes of $120,000 in 1940 against $44,000 the preceding year. Earnings on the preferred stock amounted to $15.61 a share, compared with $13.03 and the common stock earned $9.94 and $6.96, respectively.

Dividends on the 7% preferred stock have been maintained on a regular quarterly basis since 1917. The first dividend was paid on the common stock in 1923, and disbursements have been made every year since. The present rate of 4% annually was established May 1, 1933.



Silk processing in Canada has undergone substantial change since the war. Pure silk fabrics are made only for export, parachute production and a few small lines.

Bruck Silk

Bruck Silk Mills Ltd. has experienced greatly expanded activity since the outbreak of war. To meet larger sales volume the company's plant at Cowansville, Que., has been enlarged and modernized. Additional dyeing and finishing machinery, looms and spinning equipment have been installed.

In the year ended Oct. 31, 1940, total sales showed a gain over the preceding year of 48% in value and 56% by yardage. Plant operations continue on a 24-hour basis and the company is looking for maintenance of activity.

Gross trading profit increased to $511,628 in the past year from $381,594 in the preceding year. Income tax reserve of $35,156 was provided, against $29,850 in the 1939 fiscal year. Provision for "excess" profits tax was made at the minimum rate of 12%. The company is making application for inclusion in the "depressed" industry classification. If this concession is granted the company will pay its tax on the basis of capital employed, according to a statement of the company auditors.

Net profit was equal to 47 cents a share in 1940, compared with 24 cents in the preceding year. No dividends have been paid on the common stock since April 15, 1937.

Working capital of $659,475 at the end of the year, was slightly reduced from 1940. Bank loans were increased from $135,000 to $200,000. Inventories rose to $745,688 from $631,203. The company has been building up inventories to assure uninterrupted operations.

Silk and Artificial Silk

Bonds

	Int. Rate %	Maturity	Outstand. $	Times Int. Earned After Deprec. 1940	1939
Bruck Silk Mills:					
1st Mtge., S. F. Gold	6½	1945	408,500	4.51	2.39

Stocks

	Outstand. $	Earned per Share 1940 $	1939 $	Div. Rate $	Price Range —1940-41— High	Low	Last Price	Yield %
Belding-Corticelli:								
Pref. cum., par $100	865,300	15.61	13.03	7.00	150	124	124	5.6
Common, par $100	749,500	9.94	6.96	4.00	97½	80	80	5.0
Bruck Silk Mills:								
Common, n.p.v.	125,000 sh.	0.47	0.24	nil	7	4½	...	...
Canadian Celanese:								
Inc. fund rts., n.p.v.*	72,535	11.96	16.33	1.00	23	20	22½	4.4
Pref. cum part., par $100	10,000,000	13.41	18.77	†7.00	129	104	113	6.2
Common, n.p.v.	260,409 sh.	2.23	4.07	‡1.00	37⅝	18¾	25	5.0
*Issued in settlement of preferred dividend arrears. †Participating dividend of 60c. paid Mar. 31, 1941. ‡An extra of 25c. paid June 30, 1941.								
Ontario Silknit:								
Pref. cum., par $100	1,000,000	*9.87	*5.77	†2.00	45	19	38	...
Inc. fd. rts.	9,544 rts.	*3.01	*d1.23	1.00	7	3	7	...
Common, n.p.v.	40,085 sh.	‡0.48	nil	nil	5⅛	2	...	...
*After deducting one year's dividend on pref. shares of Australia Silknit; no allowance for arrears. †Paid in 1941 to date. ‡After allowing full year's dividend on preference shares.								
Riverside Silk Mills:								
Cl. A cum. part., n.p.v.	30,000 sh.	1.78	2.69	2.00	28	15½	18½	10.8
Cl. B part. vot., n.p.v.	20,000 sh.	d0.33	1.04	†0.50	...	...	...	...
†Paid in 1940.								
Supersilk Hosiery:								
Pfd. cum. s. f., par $100	492,300	14.70	17.13	5.00	82	72	...	...
Class A com., n.p.v.	75,000 sh.	0.48	0.59	nil	3½	2¾	...	...
Class B, n.p.v.	25,000 sh.			nil	4¾	3	...	...

Canadian Celanese

Sales volume of Canadian Celanese Ltd. in the current year is on a higher level than that for the same period of 1940. Demand for celanese fabrics has expanded materially, and the company has brought into use new equipment. Production has been at capacity, whereas last year the plant was shut down for six weeks because of labor difficulties.

Sales outlook for the year is regarded as excellent, and earnings prospects are considered good, subject to higher taxation, an increase in material and labor costs, and a threatened shortage of skilled workers.

The company has given two cost-of-living bonuses of 5% each. The first was made last fall and the other in May of this year. Labor relations are proceeding more harmoniously, and it is pointed out by the company that the 10% bonus more than offsets the cost of living increase.

Largely because of plant shutdown net profit in 1940 declined by $535,166 from 1939 to $1.3 million Reserve for income tax more than doubled to $765,000.

Earnings on the 7% preferred stock amounted to $13.41 in 1940, compared with $16.77. The common shares earned $2.23 and $4.07 respectively.

A participating dividend of 60 cents was paid on the preferred out of 1940 earnings, contrasted with $1.16 in 1939 and 50 cents in 1938.

The common dividend paid in 1940 totalled $1.90 a share, of which 90 cents represented extra disbursements. There was $2.85 distributed to the common in 1939, of which $1.50 was a year-end bonus and 35 cents was paid on 1938 earnings.

The company has been progressively expanding its plant to give wider scope for operations and permit a higher degree of elasticity. Capital expenditures in 1940 amounted to $1.1 million, and $300,000 was spent in 1939.

Canadian Celanese Ltd. holds sole Canadian rights to the Dreyfus patent for manufacture of cellulose acetate, artificial silk, chemicals, fabrics, etc. The company office is in Montreal and the plant in Drummondville, Que.

Ontario Silknit

The substantial improvement in operations experienced by Ontario Silknit Ltd. in 1940 was continued into the current year. In 1940, operating profit increased to $478,968 from $338,290. Owing to the difficulty of getting funds from England and Australia under war restrictions, ability of the company to pay dividends is not as great as is indicated by earnings figures.

Net profit, before allowing for various capital gains and losses, amounted to $133,511 in 1940, equivalent to $13.35 per share of $100 par 7% preferred stock.

According to the auditors' statement, taxes, which were reserved at $114,339 in 1940 against $34,625 in 1939, are estimated at minimum rates, the company having appealed to the Board of Referees for depressed industry classification.

At the annual meeting, shareholders approved the suggestion that the company be permitted to purchase preferred stock on the open market for redemption. Legal authority to carry on the redemption is now being sought by the company.

Riverside Silk

Riverside Silk Mills Ltd., with factory at Galt, Ont., produces silk and rayon yarns, and deals in these and in nylon yarns, principally used in the manufacture of ladies' underwear and hosiery. Silk broadcloth is also produced but the company does not engage in garment production.

Curtailment of silk supplies has entailed changes in production. Silk broadcloth in Canada now contains no natural silk. The blending of natural with artificial fibres for hosiery yarn has been difficult, owing to the physical differences between the fibres.

Operations in the current year are being maintained at approximately the same level as in 1940. Last year net profits after taxes (the amount of which was not reported) fell to $53,484 from $80,742 in 1939 and $78,957 in 1938.

Supersilk Hosiery

Rising domestic demand in 1941 to date promises to bring the best operating year in the history of Supersilk Hosiery Mills Ltd., London, Ont. Despite the closing of a number of continental export markets exports to South Africa, Egypt and Eire, along with the normal South and Central American demand are keeping the export market close to normal.

Taxes, primary cause of the drop in net profits in 1940 to $72,377 from $84,333 in 1939, continue high, but the company is not applying for preferred tax treatment. Consequently the rates paid in 1941 will not be substantially altered from those on 1940 earnings.

No curtailment of natural silk for export trade has gone into effect and none is anticipated. Domestic production has felt the effect of the cumulative reductions in silk to 40% of standard.

Earnings last year amounted to $14.70 on the $5 preferred stock, 48 cents on the A and B common. Arrears certificates, issued in 1937 to value of $85,417, have since been reduced to $23,503. No common dividends may be paid until these certificates are entirely redeemed.

Buy War Savings Certificates and War Savings Stamps

FROM small beginnings, Canada's manufacturing industry has grown to impressive proportions and the growth continues. The capital invested in Canadian manufacturing plants is represented in many instances by bonds and stock certificates engraved and printed by this company.

BRITISH AMERICAN BANK NOTE COMPANY
LIMITED

The Old Canadian Company — *Established 1866*

HOWARD W. PILLOW, *President*
CHARLES G. COWAN, *Vice-Pres. & Man. Dir.*
G. HAROLD BURLAND, *Sec.-Treas.*

HEAD OFFICE: OTTAWA
262 Wellington Street

511 Place d'Armes, MONTREAL
1110 Montreal Trust Bldg., TORONTO

TRADE MARK "WABASSO" REGISTERED

Serving Canada's Households

Trusted and familiar wherever cottons are used, the white rabbit trade mark of Wabasso represents more than just a product.

It stands for a great organization of 2,400 skilled workers, for an industry that has marched steadily forward for over 30 years, for an adherence to quality workmanship before all other considerations.

Wabasso's white rabbit trade mark is the symbol of one of Canada's outstanding enterprises.

Manufacturers of

Sheets Sheetings Printed Cottons
Slips Pillow Cottons Broadcloths

and a wide range of unbleached cloths for industrial purposes.

The WABASSO COTTON COMPANY, LIMITED
THREE RIVERS, QUE.

ONTARIO SILKNIT

Manufacturers of

DUNNING LINGERIE
Silk, Satin, Taffeta, Rayon, Bemberg, and the new "Su-lette" Slips

CATALINA SWIM SUITS
"Styled for the Stars of Hollywood"

ABERLEY
House-coats, Lounge Robes, Bed Jackets
"Designed for Living"

ONTARIO SILKNIT LIMITED
590 KING STREET WEST — TORONTO, ONT.

Leading Manufacturers of Rayon Fabrics and Rayon Lingerie in the British Empire

An Integral Part of Canada's Industrial Economy

For nearly sixty years, Canadian Cottons Limited has played an integral part in Canada's textile industry. It operates seven mills — three in New Brunswick and four in Ontario.

Employing 3,500 workers its annual payroll, its purchases of supplies and equipment, its contribution in freight and in taxes, are an important factor in community and national purchasing power.

Evidencing the company's facilities to serve, with the outbreak of war it was able to meet swift demands for products made difficult to obtain from foreign sources.

Experienced company personnel and the most modern and complete mill equipment combine to produce products which compete with the world in quality and economy.

Manufacturers of

- Awning Fabrics
- Bedford Cords and Whipcords
- Blankets (Cotton, Cotton & Wool)
- Cotton Tweeds and Pantings
- Cottonades and Cassimeres
- Covert Cloths
- Denims ("Sanforized")
- Doeskin and Suede
- Flannelettes, Flannels
- Galateas
- Ginghams
- Napped Interlinings
- Napped Sheetings & Silence Cloths
- Novelty Dress Fabrics
- Rayon & Spun Rayon Dress Fabrics
- Rayon Linings
- Rayon Taffetas & Satins
- Shirtings, Chambrays and Suitings
- Tickings — plain and dobby
- Yarns of all Descriptions

BRANDED LINES
(Registered)

- "ACA" Ticking
- "Kingcot" Denim
- "Kingcot" Blankets (flannelette)
- "Kingswade" Fabrics
- "Nepah'win" Blankets (Indian)
- "Woolcot" Blankets (Part Wool)

CANADIAN COTTONS LIMITED

Completely Equipped Mills at Marysville, Milltown, Saint John, New Brunswick; Cornwall (Three Mills) and Hamilton, Ontario

HEAD OFFICE: 760 Victoria Square, MONTREAL, QUE.

SALES OFFICES: Montreal, Toronto, Hamilton, Winnipeg, Vancouver

Miscellaneous Textiles Busy

Brantford Cordage

With its fiscal year ending Aug. 31, Brantford Cordage is now approaching the busiest season of its year. Last year's crops resulted in the best earnings experienced by the company since 1930, the greater part of which was absorbed by heavy excess profit taxes. Prospects for the current year cannot be predicted until more accurate information is available as to the size of the 1941 crop.

Net earnings last year amounted to $389,376, from which had to be deducted $151,491 in Dominion and other income taxes. Owing to the fact that the company did not pay any taxes in 1939 and 1938 as a result of low earnings, standard profits appear to be very low and application has been made to the Board of Referees at Ottawa for an adjustment on this matter. No decision is as yet available.

Despite the low earnings of 1938 and 1939 the company has maintained the $1.30 dividend payable on the first preferred stock. Earnings, with the exception of 1937 and 1940, have not permitted payment on the second preferred stock which now carries arrears of approximately $23 per share. Working capital in 1940 was higher than in the preceding two years, a large part of current assets being held in the form of inventory which increased from $669,483 in 1939 to $1,157,566 at Aug. 31, 1940.

Acme Glove

Sales of Acme Glove Works Ltd. continued to gain in the current year. Prospects for 1941 as a whole are considered excellent.

The increase has been experienced entirely in the domestic field. Export business has dropped.

Earnings outlook is considered good, but higher cost of materials, rising labor charges and taxation will prevent improvement in gross from being fully reflected in net profits.

The company has met disturbance in supply sources by obtaining satisfactory substitute materials.

Operations in 1940 recovered from the low levels of 1939 and 1938, with sales volume rising 29% over 1939. Net profits increased to $55,966 from $3,405 in 1939 and a net loss of $55,432 in 1938. Earnings, however, were not as satisfactory as in the years 1934 to 1937. Largely responsible is increased taxation. In 1940 provision of $30,135 was made for income and "excess" profits tax, but the company has applied to the board of referees to be rated as a "depressed" industry during the 1936-39 base years.

In 1940 earnings of $8.14 a share were shown on the 6½% preference stock, compared with 49 cents in 1939. Dividends are being paid at the full rate of 6½%. Because of a lapse of dividend payments in 1939 and 1940 arrears of $3.25 a share accumulated on the preference stock. No dividend has been paid on the common since Jan. 3, 1939. Payments were formerly at the rate of 50 cents annually.

The company has participated only to a very limited extent in war business. Betterment has been almost entirely from normal business. In the domestic field every line has shown improvement in the current year.

The company manufactures a variety of fine leather gloves, work gloves and working clothes and sports goods. Four plants are operated in Quebec, at Montreal, Loretteville, Joliette and St. Tite.

Biltmore Hats

Production and sales of Biltmore Hats Limited, Guelph, Ont., are showing substantial gains in the first six months of the current fiscal year which ends Nov. 30 over the corresponding period of 1940.

Selling prices are somewhat higher than last year, but labor costs have also risen, and fur prices are up about 150%. Formerly a large part of the fur supplies came from Europe, with England a principal contributor. Some of this trade has been diverted to Australia, but Australia is now conserving supplies for its own use, and exports from that country are not as heavy as formerly.

Experimental use of the casein substitute "Aratex" has begun. The amount of this spun product of milk used so far has reached a maximum of from 5 to 10% of the material used. The new substitute is still in the development stage.

Since the company had previously accumulated a substantial inventory, the full effect of the rise in fur costs has not yet been felt in operating costs. Inventories at the end of the last fiscal year, November 30, 1940, were $422,431, more than twice the level of two years earlier.

Company officials expect that earnings in the current year will be about equal to those of last year after allowing for taxes. The company pays taxes under the higher (75%) rate of excess profits, and will consequently be very little affected by the changes in taxation in the recent budget.

Tip Top Tailors

A leader in the production of uniforms, Tip Top Tailors in the first half of 1941 has been devoting a rapidly increasing percentage of capacity to civilian demands. Total output has been somewhat lower in the first half but profit margins have been maintained and earnings are stated to be satisfactory.

In the last week or two of July, uniform production will again be increased and a high level of output is anticipated owing to the steady gains in civilian demand.

Aside from the statement that earnings are satisfactory, predictions as to results for the current year are not being made by company officials. Certain tax questions remain to be cleared up which together with activity in the second half will decide the profitability of the year's operations.

Last year Tip Top's operating profits reached a company record of $1,005,606. Tax provision of $371,612 left net profit of $219,393, below the figure for 1939 and 1937, but sufficient to provide ample dividend coverage on preferred and common stocks.

Earnings on the preferred in 1940 amounted to $21.74 per share against $7 dividend requirements, while the common showed earnings of $1.24, out of which was paid 60 cents in dividends. Working capital improved to $1,490,661 from $1,407,614 at the end of 1939. Inventories were nearly doubled at $2.2 millions.

By the end of 1940, nearly a third of the original issue of 7%, $100 par preferred had been redeemed. From 15,000 shares outstanding in 1928, the preferred stock had been reduced by redemptions to 10,093 at the end of 1940.

Lewis Ltd.

Business of Lewis Ltd., important unit in the Maritime textile industry, has been expanding steadily. A wider diversification of production has been achieved in recent years and the company has been successful in building up a men's hat business.

At present the company is expanding its wool scouring plant, and it is now one of three companies in Canada which operate wool combing equipment.

Lewis Ltd., with head office and plant located in Truro, N.S., has a Dominion-wide trade and prior to the war was developing an export business, particularly in the British Empire. Shipping difficulties caused by the war have handicapped this division of the company's business.

Miscellaneous Textiles

Bonds

	Int. Rate %	Maturity	Outstand. $	Times Int. Earned After Deprec. 1940	1939
Biltmore Hats:					
Debentures	3¾	1942-43	30,000	....	....
	4	1944	100,000		

Stocks

	Outstand. $	Earned per Share 1940 $	1939 $	Div. Rate $	Price Range —1940-41— High	Low	Last Price	Yield %
Acme Glove:								
Pref. cum. conv., par $100	687,900	8.14	0.49	6.50	60	45	50	13.0
Common, n.p.v.	24,000 sh.	0.47	d1.72	nil	6	1	3	...
Biltmore Hats:								
Common, n.p.v.	80,000 sh.	0.97	1.24	0.60	12	7½	7½	8.0
Brantford Cordage:								
1st pref. cum. red., par $25	921,925	6.16	0.23	1.30	21	19	21¾	5.9
2nd pref. cum., red., par $25	600,000	7.42	d1.71	nil	...	...	...	...
Common, n.p.v.	80,000 sh.	1.70	d1.04	nil	...	...	...	...
Tip Top Tailors:								
Pref. cum. s. f. red. conv., par $100	1,009,300	21.74	24.99	7.00	110	100	105	6.7
Common, n.p.v.	120,000 sh.	1.24	1.51	0.60	13¼	6	6½	9.2

Knitters Meet Silk Cut

(Continued from page 15)

Provision was based on expected rating of the company as a "depressed" industry. It may be that the 1940 provision will prove inadequate when the final liability is determined, the company's auditors state.

Earnings on the non-cumulative $1.60 preferred shares were $7.22 a share in 1940, compared with $2.72 in 1939. Common earnings amounted to $1.38 and 28 cents, respectively. The company resumed dividend payments on the non-cumulative preferred on Aug. 1, 1940, and $1.60 a share was paid during the year. Four quarterly dividends of 40 cents each will be paid in the current year.

The first common distribution since initial dividend of 25 cents paid Nov. 1, 1937, was made on Dec. 30 last year. Another payment of 25 cents was made on March 15 this year.

The company has undertaken a modernization programme, which it is expected will be completed in 1942. In 1940 expenditure on this account amounted to $59,394 for new machinery and improvements.

York Knitting

Operations of York Knitting Mills Ltd. in the first half of 1941 have kept pace with the gain in civilian demand, production running somewhat higher than in the corresponding period of 1940.

Last year net profit fell to $171,467 from $260,014 the year before as a result of the increase in taxation to $130,000 from the 1939 figure of $76,000. Earnings on the common of 61 cents compared with the previous year's earnings of $1. Dividends of 30 cents per common share in 1940 have been followed in 1941 with a February payment of 20 cents.

York Knitting owns five plants, two in Toronto, one in Hamilton and two in Woodstock, Ont., and is engaged in spinning cotton, woollen and worsted yarns and in the manufacture of hosiery, underwear and other products. In 1937 the Zimmerknit Co. of Hamilton was consolidated with York Knitting Mills.

Since the consolidation, working capital has risen from $1,171,942 to $1,302,364, and earned surplus from $668,915 to $1,030,088. At the end of 1940, inventories were $2.1 millions against $1.6 million at the end of 1939.

Along with other knitting companies, York is currently affected by the temporary shortage of cotton knitting yarns arising from the diversion of spindles to production of weaving yarns for war purposes. Inventories have been sufficient to prevent this shortage from affecting the consumer and as the shortage is of a temporary nature, production schedules are not likely to be interfered with to any significant extent. In other branches of knit goods, supplies have been adequate and the shift to silk substitutes has been accomplished according to schedule.

Knit Goods

Bonds

	Int. Rate %	Maturity	Outstand. $	Times Int. Earned After Deprec. 1940	1939
Mercury Mills:					
1st Mtge., Sink. Fund	5	1959	801,000	4.95	2.62
1st Mtge. Serial	5	1941-48	120,000		
J. R. Moodie:					
1st Mtge., S. F., A	6	1948	412,500	Not available	
Regent Knitting Mills:					
1st Mtge. Serial	3	1942-43	50,000	11.49	4.19
1st Mortgage	4	1952	375,000		
York Knitting Mills:					
1st Mtge., A Serial	3½-4	1941-45	250,000	10.97	9.50
	4½	1952	600,000		

Stocks

	Outstand. $	Earned per Share 1940 $	1939 $	Div. Rate $	Price Range —1940-41— High	Low	Last Price	Yield %
Celtic Knitting:								
Common, n.p.v.	27,000 sh.	0.46	0.23	nil	2.25	1.50	1.70	...
Mercury Mills:								
Common, n.p.v.	79,550 sh.	0.77	0.446	nil	12½	4	4	...
Monarch Knitting:								
Pref. cum., par $100	750,000	6.25	12.41	7.00	75	50	50	...
Common, par $100	1,275,000	d0.44	3.18	nil	6	2	...	...
J. R. Moodie:								
Common, n.p.v.	30,000 sh.	No financial statements available.						
Regent Knitting Mills:								
Pref. non-cum., par $25	400,000	7.22	2.72	1.60	18	10	15¼	10.4
Common, n.p.v.	65,009 sh.	1.38	0.28	0.25	6	3	3¼	...
York Knitting Mills:								
1st pref., par $100	150,000	114.31	173.34	7.00	...	...	...	...
2nd pref., par $100	300,000	53.65	83.17	7.00	...	...	...	...
Common, n.p.v.	229,012 sh.	0.61	1.00	†0.20	11	4	4	...

†Paid in 1941 to date.

Carpet Companies

Bonds

	Int. Rate %	Maturity	Outstand. $	Times Int. Earned After Deprec. 1940	1939
Toronto Carpet:					
Serial and term bonds	...	....	600,000	Not available	
Guelph Carpet:	*	....	......	....	....

*Funds for redemption of $500,000 pref. stock provided through private sale in Dec., 1940, of 4% serial bonds maturing in 1-20 years.

Stocks

	Outstand. $	Earned per Share 1940 $	1939 $	Div. Rate $	Price Range —1940-41— High	Low	Last Price	Yield %
Guelph Carpet:								
Common, n.p.v.	35,000 sh.	1.55	2.04	1.50	...	...	...	...
Preferred stock redeemed on Jan. 10, 1941.								
Harding Carpets:								
Common, n.p.v.	174,136 sh.	0.32	0.61	.20+.10	4⅜	2½	3⅜	8.8
Toronto Carpet:								
Pfd. 6% non-cum., par $100	832,000	Not available						
Common, par $100	1,000,000							

Guelph Carpet

Operations of Guelph Carpet and Worsted Spinning Mills Ltd. are running at capacity on both the carpet and worsted divisions. Recently the company has engaged in wool combing on a commission basis as a result of heavy wartime demands for tops.

Both the company's plants are located at Guelph and have some 10,000 worsted spinning spindles, 70 Wilton and velvet looms, three sets of woollen yarn machinery and is fully equipped to carry out manufacture from raw material to finished product. Operations in 1940 were substantially more profitable from an operating standpoint than in 1939. Operating profits for 1940 amounted to $267,157 against $169,486 for 1939. But taxes which increased from $23,000 to $155,000 absorbed more than the entire gain in operating costs, resulted in a drop in earnings on the preferred stock from $20.81 to $17.35.

Since incorporation in 1929 the company has regularly paid its dividends on the 6½%, $100 par preferred stock, and has always paid dividends on the common stock. On Nov. 1, 1940, $1.50 per share was paid on the common, comparing with previous annual payments of $1 per share since 1936.

Harding Carpet

Highest sales for any spring period in the company's history were reported by A. E. Cuthbert, president of Harding Carpets Ltd., for the spring season which ended Apr. 30, 1941. The record sales reflected increased consumer buying, and general activity in the retail trade.

Production was maintained in the face of temporary raw material difficulties and enlistments.

Net profits for the first half of the current fiscal year, which ends Oct. 31, were somewhat lower than in the corresponding period of the 1941 fiscal year, owing to the allotment of approximately 60% of operating profit to taxes. After this deduction earnings amounted to 27 cents per share against 31 cents per share in the first six months of the previous fiscal year. Working capital, despite the heavy drain on cash resources caused by tax payments, amounted to $491,488 at Apr. 30, 1941, against $481,041 at Oct. 31, 1940.

At its Brantford plant, which contains 135,000 square feet of floor space, the company manufactures carpets and rugs, specializing in seamless Axminster and Wilton rugs.

Since its capital reorganization in 1934 the company has steadily shown earning power on the common stock, the only form of capital outstanding. Dividends were begun on the new stock in 1936 with payments of 5 cents per share and have since been paid at the rate of 20 cents payable semi-annually. Extra dividends totalling 10 cents per share were paid in the 1940 fiscal year, an extra of 10 cents was paid Jan. 2, 1941, and this has been followed with an extra payment of 5 cents per share on July 2, 1941, bringing total dividends to date in the current fiscal year to 35 cents.

Toronto Carpet

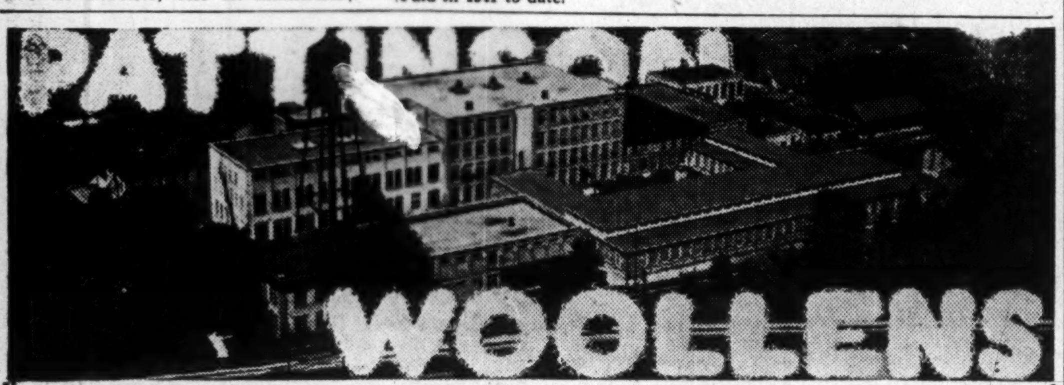
Toronto Carpet Manufacturing Co., with plants at Toronto, Campbellford, Ont., and Philadelphia is engaged in the production of rugs and carpets from the raw material up. A wholly-owned subsidiary, Barrymore Cloth Co., produces woollen and worsted cloths complete from raw wool to the dyed and finished material. Operations in the current year are reported to be appreciably above 1940 levels, with demand for carpets showing substantial gains.

Financial reports are not published.

Capitalization consists of $832,000 of 6% $100 par preferred; $1,000,000 of $100 par common stock and $600,000 of serial and term bonds.

$19.3 Millions of Garments

Value of war orders received by the Canadian garment manufacturing trades and other plants in the secondary textile industries totalled $19.3 millions during the first 18 months of the war.



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Overcoatings Topcoatings Tweed Suitings Mackinaws

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Cloakings Blanket Cloths Polos Tweeds

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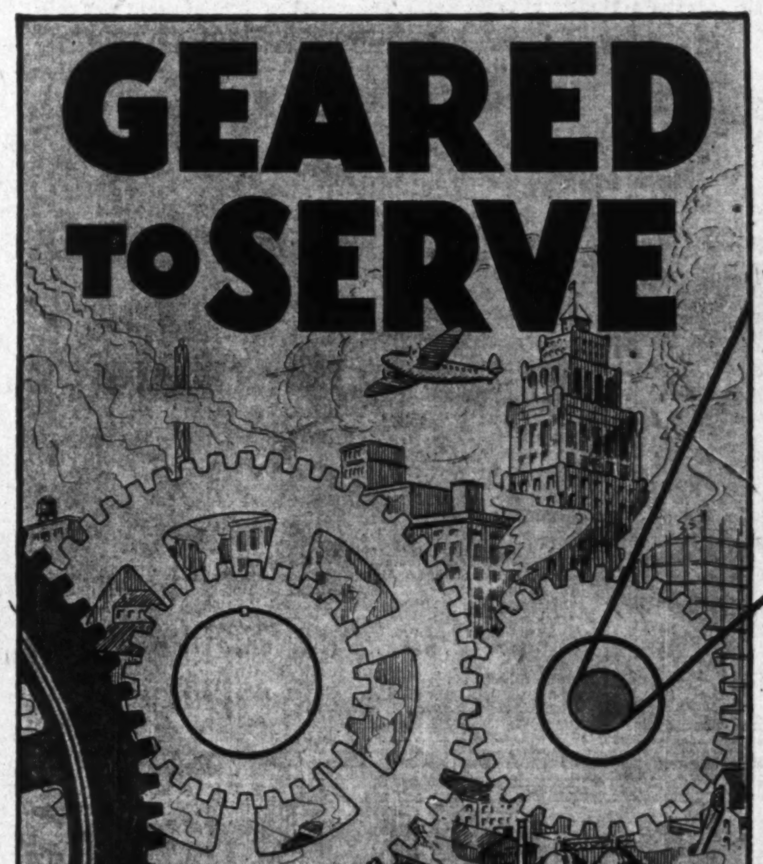

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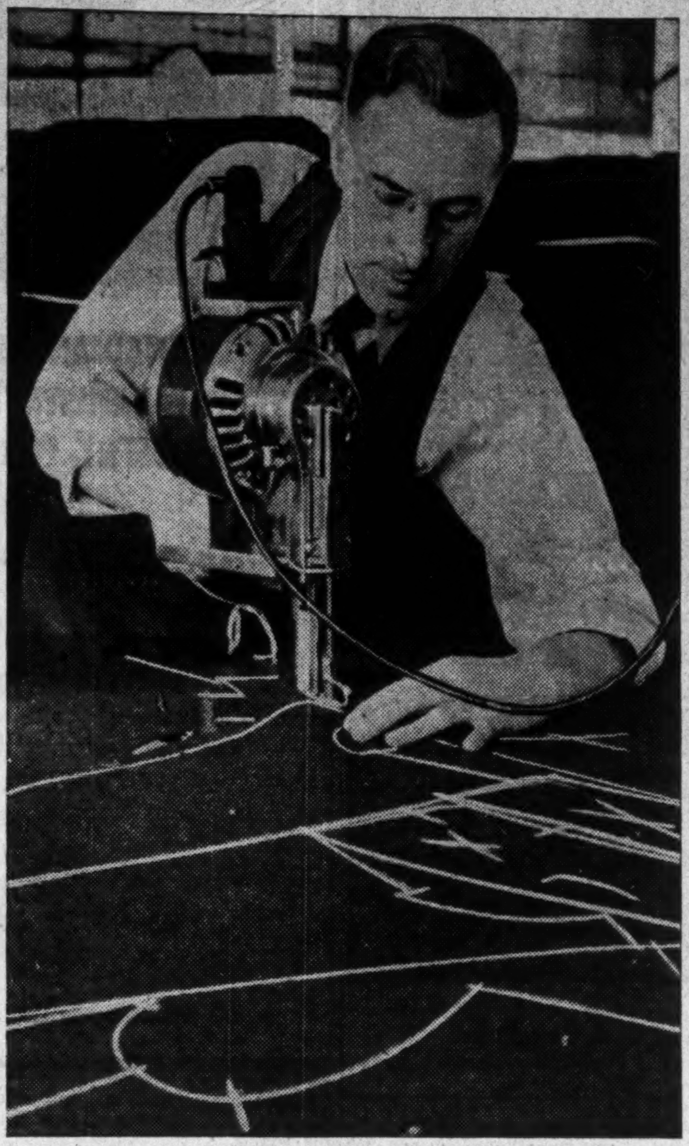
Woollens Adjust to War Pressure

Planned Production Possible Under New System of Government Orders



False move in guiding the automatic cutter might spoil a whole batch of uniforms. Cloth for numerous uniforms is piled on the cutting table and the pattern chalked on the top layer.

The first year of war brought home the vital need of Canada for a fully integrated, independent woollen industry. Caught short of woollen supplies to meet the demands of war, the industry throughout 1940 worked at or near capacity to cope with the unprecedented rush of orders.

In 1941 capacity operations are still the rule, but in the woollen trade civilian demand is at present taking the lead from military requirements. Not that military orders are at an end, but they are being placed sufficiently far in advance for the industry to plan production. Military requirements as far ahead as next February are now known and production plans are being adjusted in harmony. In some plants the last half of 1941 will be largely devoted to military, naval and air force requirements, others will continue on civilian products pretty well to the end of the year.

Eight Million Yards for War

Normally, Canadian domestic demand requires about 15 million yards of all types of woollen cloth annually. For a year after war orders began to pour in in 1940, the industry added about 8 million yards of military cloths to its normal output. The share of the domestic market held by Canadian mills dropped relative to imports from England in that first year, from 63% in 1939 to about 53% in 1940.

The tendency in 1941 to date is for the Canadian mills to regain their share of the domestic market, but this has largely been a by-product of shipping shortages as tariff schedules have moved farther against the Canadian producer.

Integrated Industry

Bulk of Canadian raw wool requirements still move through British hands, through the office of the British Wool Control. But the actual shipments are coming to a greater extent direct from Australia, New Zealand and other supply points. The tendency is for the industry to become more fully integrated in Canada.

One effect of this wartime trend is the increase in facilities for producing tops, the long fibres combed out of scoured wool for the production of worsted yarns. Prior to the war the principal source of tops in Canada was Dominion Woollens & Worsteds, with a capacity of 2.5 million pounds annually. Other combs were operated in Canada on a smaller scale, but there was no combing plant designed entirely for custom trade. At the first of the year, the Wool Combing Corp. of Canada entered production at Acton, Ont., and will shortly be able to turn out 4.5 million pounds of tops annually. Together with the Dominion Woollens and other plants, Canada would be able to supply more than half her annual needs of 10 to 12 million pounds of tops if the Acton plant continues in production after the war.

More War Work Coming

Current outlook for the woollen mills of Canada is for capacity operations well into 1942, at least. The fact that Government orders have this year to date averaged about 20% of capacity in some of the larger plants against 30 to 40% in 1940 illustrates the increasing importance of civilian demand. Buying largely from the Wool Control, at Government-set prices, and selling a large part of output to the Government, profit margins are subject to a considerable degree of control. The increased proportion of civilian demand is in many cases favorable to earnings.

From the longer run point of view the outlook for the woollen industry is still dependent on cost conditions outside Canada and the tariff measures taken to equalize those costs with those in Canada. The war has temporarily brought full employment to the industry; it has made for a more integrated industrial organization. To some extent it has established direct trade connections with the supply sources in the Antipodes. With the passage of time this partial reorientation of trade channels might lead to permanent connections.

But the adverse factor remains that instead of gaining in the domestic market, the Canadian industry's share of home demand in 1940 actually dropped. Until the shipping shortage developed, protection against competition fell lower in wartime than it had been in peace. Without the spare productive capacity of the Canadian industry, Canada's military effort would have been severely hampered. Will it be worth while to maintain that capacity after the war?

No final answer is yet to be found. Meantime, the industry has gained internal strength from the high rate of activity which has come with the war. Profits have been severely limited by taxation, but working capital has tended to strengthen and the ability to meet post-war problems has thereby been increased.

Dominion Woollens & Worsteds

As in 1940, production and sales of Dominion Woollens and Worsteds are running at 100% of capacity. But in the first half of 1941, civilian demand largely supplanted military equipment in sales importance. During this period, military equipment accounted for approximately 20% of sales, against an average for 1940 of about 40%.

In the latter half of 1941 some increase in military demands will probably be felt, and it is possible that some of the military demands will be put forward to 1942, when it is expected that the military share of production may rise to as high as 50% of the total. This long-range planning of production has been made possible by early placing of government orders with individual plants for as long as a year ahead of final delivery dates. This has been of considerable advantage to production planners as contrasted with 1940 when rush orders led to some dislocation of production schedules.

Dominion Woollens operate plants at Hespeler, Peterborough and Orillia, Ont. In 1940 earnings of $3.62 were realized on the preferred stock and a dividend of 60 cents per share was paid Jan. 2, 1941. This compares with earnings of $1.79 in 1939 and a loss of $2.88 in 1938. Income and excess profits taxes were allowed at the rate of $315,000 for 1940 as compared with $40,000 paid the previous year. An application has been made for clarification of the company's standard profits, but no decision is yet available from Ottawa.

Working capital was improved last year by approximately $280,000 to total $929,823 at the year end. Inventories were nearly doubled in value over the period reaching $1.5 million. Although costs have risen, it is anticipated that earnings will be maintained at approximately the 1940 level from current indications. If a favorable decision on the taxes to be paid by the company is handed down, 1941 operations would probably show larger amounts available for shareholders.

Paton Mfg.

Paton Manufacturing Co., as one of the leading manufacturers of woollen and worsted cloth, blankets and rugs, has experienced a high level of activity. Although no report is made public, production last year is believed to have been the highest in the company's history.

No financial statements are issued by the company, but it is assumed earnings also experienced an expansion in the past year.

Regular dividend payments were established on the common stock, starting Dec. 15, 1939, with quarterly payment of 50 cents a share. Payments in 1940 totalled $2 and $1 has been paid in the year to date.

The company is one of the oldest woollen organizations in Canada, having been incorporated in Quebec on June 10, 1868, as the Paton Manufacturing Co. of Sherbrooke. Control passed in 1933 to interests closely associated with the Dominion Textile Co.

Penmans

Sales of Penmans Ltd. in the current year are showing moderate increases over the preceding year.

In 1940 the company reported the highest sales since 1920. A total of $7.4 millions was 22.24% higher than those of 1939. Direct war business was responsible for less than 7% of the 1940 total. Net earnings of $1.2 millions were 54.24% higher than in 1939.

Net profit of $357,328 did not show the same proportionate gain, advancing only 8.87% over the 1939 net of $328,207. The difference is attributed almost entirely to increased tax provision from $125,000 to $500,000.

Net profit was equal to $33.24 on the preferred stock and $4.54 on the common, against $30.53 and $4.09, respectively, in 1939.

The company has been paying dividends on its common stock of $3 a share since 1932, and has maintained regular payments on the 6% preferred since issue date.

Net working capital stood at $2.6 millions at the end of 1940, an increase of $71,379 from the end of the previous year. Inventories amounted to $2.2 millions, a gain of $479,499. Capital expenditures of $211,175 were made in 1940 on the various company plants.

The company has a well-diversified range of products and operates on a national scale, giving it considerable stability. It manufactures woollen, cotton and silk and knitted goods, hosiery, underwear, sweaters, etc.

Stanfield's Ltd.

Business of Stanfield's Ltd., manufacturers of woollen and rayon underwear is at higher levels in the current year. But because of abnormal stocking up by retail merchants slackened demand is looked for later in the year, however. The company has received a fair volume of war orders for socks and underwear.

Owing to its strong position in this branch of the textile industry, the company has a long record of stable earnings. Tthey have varied remarkably little in the past seven years, with net profit in 1940 amounting to $137,201, compared with $129,650 in 1939.

The common shares earned $13.72 in 1940, contrasted with $12.97 in 1939. Dividends of $2.50 a share were paid on the stock in 1940, compared with $5 in 1939, of which $2.50 was paid in July, 1940.

Net working capital was increased to $1.5 millions at Dec. 31, 1940, a gain of $93,270 from the end of the previous year. Funded debt has been steadily reduced, there being $120,000 of the 4% 10-year serial bonds outstanding at the end of the year.

Woollens

Bonds

	Int. Rate %	Maturity	Outstand. $	Times Int. Earned After Deprec. 1940	1939
Dominion Woollens & Worsteds:					
1st Mtge., S. F. Gold	6	1953	*1,023,500	9.72	3.42
*Of which $143,950 held by company; $879,550 in hands of public.					
Paton Manufacturing:					
1st Mtge., S. F.	4½	1956	656,500	Not available	
Penmans:					
1st Mtge., S. F.	5½	1951	1,674,500	10.20	5.80
Stanfield's:					
Serial 10-yr. (closely held)	4	....	120,000	Not available	

Stocks

	Outstand. $	Earned per Share 1940 $	1939 $	Div. Rate $	Price Range —1940-41— High	Low	Last Price	Yield %
Can. Co-Operative Wool Growers:								
Common, par $10	11,780 sh.	*2.63	*1.12	0.50	...	...	...	...
Year ended Feb. 28.								
Dominion Woollens & Worsteds:								
Pref. non-cum., par $20	63,510 sh.	‡3.62	‡1.79	0.60	9½	3	8	7.5
Common, n.p.v.	85,585 sh.	*1.03	*0.25	nil	3.65	.50	1.05	...
‡Before participation. *After allowing for preferred stock participation rights.								
Paton Manufacturing:								
Pref. cum., par $100	600,000	Not avail.		7.00	115	115	115	6.1
Common, n.p.v.	10,000 sh.			1.00*	40	25	25	...
(Both issues closely held. *Paid in 1941 to date.								
Penmans:								
Pref. cum., par $100	1,075,000	33.24	30.53	6.00	135	102	124	4.8
Common, n.p.v.	64,518 sh.	4.54	4.09	3.00	72	46	46	6.5
Stanfield's:								
Common, n.p.v.	10,000 sh.	13.72	12.97	2.50	...	...	...	...

Duty Reduced On New Fabric

Evidence of where the war is hitting some normal materials used by Canada's textile industries is seen in a recent order in council reducing the duty of one substitute that can be obtained in the United States. Traditionally burlap has been used to stiffen various articles made of felt. But the supply of burlap is becoming restricted.

A substitute material for stiffening felt fabric is now being made in the United States, consisting of a sisal weft and a jute warp. Under prevailing tariff schedules this material is dutiable at 30% when purchased in the United States. A revised schedule to be in effect until further notice reduces this duty to 5% on the intermediate tariff and 15% on the general schedule, with the British preferential free.

Silk Stockings Popular

Canadian women used on an average 8.6 pairs of silk stockings in 1940. This was the same rate of consumption as in the previous year but was more than 43% higher than in 1935.

Import Textile Machinery

Importations of textile machinery into Canada during 1940 had a value of $6,688,956. No break-down of the source of import is available because of wartime restrictions. In the previous year machinery imported had a value of $8.1 millions.

Public Utility Earnings

Mexican Light & Power Co.

Month of April	1941 $	1940 $	Incr. %
Gross earn.	730,255	623,838	17.04
Oper. exps.	613,254	465,911	31.62
Net earn.	117,001	157,987	*25.94
Four Months Ended April 30			
Gross earn.	2,915,563	2,479,831	17.57
Oper. exps.	2,407,241	1,906,767	26.25
Net earn.	508,322	573,064	*11.30

*Decrease.

East Kootenay Power

May:	1941 $	1940 $
Gross earnings	52,859	51,720
Less: Oper. exps.	17,605	18,497
Net earnings	35,254	33,223
Two Months Ended May		
Gross earnings	102,494	99,170
Less: Oper. exps.	34,954	33,427
Net earnings	67,540	65,743

Jamaica Public Service

May:	1941 $	1940 $
Oper. revenue	95,579	87,701
Gr. inc. after retire acct.	30,649	26,243
Net income	20,008	17,604
Five Months Ended May 31:		
Oper. revenue	482,150	434,223
Gr. inc. after retire. acct.	149,327	129,633
Net income	100,847	85,321

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Debutante Full Fashioned Hosiery for Women
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Converter Companies

Candn. Converters

Canadian Converters' Co. reported a 24% increase in sales in the year ended April 30. Subject to an adequate supply of labor on raw materials, the company appears assured of capacity operations for the next six months.

Net profit in the year ended April 30 amounted to $56,847, compared with $62,234 in the year ended April 30, 1940. Lower net was due entirely to an increase in income tax reserve from $18,500 to $35,171. Earnings on the common stock amounted to $3.28 a share, compared with $3.59 in the preceding year.

There was distributed on the common stock $2 a share in the fiscal year. Dividends were resumed on the common stock after a lapse of two years on Aug. 15, 1940, when 50 cents a share was paid.

Net working capital increased to $631,341 from $613,810 at the end of the preceding fiscal year. There was $38,910 expended for additions and repairs to plant and machinery. Bank loans dropped to $55,000 from $100,000.

Company is one of principal Canadian firms manufacturing shirts, dresses, underwear and a wide variety of wearing apparel. In addition to a domestic market, the company exports to the West Indies and Newfoundland.

Tooke Bros.

Prospects for Tooke Bros. Ltd. in the current year are considered good. The company manufactures a variety of men's wearing apparel, including shirts, collars, neckwear, pyjamas, underwear, etc. Through its subsidiary, it also manufactures handkerchiefs and paper boxes.

At the annual meeting it was announced that sales of regular commercial lines were well ahead of the corresponding period of the preceding year.

In the year ended Dec. 31 the company reported net revenues increased from $21,702 in 1939 to $76,994. Net profit amounted to $26,068, compared with $91. This was the first year that the company had been able to report any substantial earnings available for the 7% preferred stock since 1930. Earnings on the shares amounted to $2.65 a share, compared with 1 cent in 1939. In the intervening years between 1930 and 1939 the company showed net losses in every year. No dividends have been paid on the preferred stock since July 15, 1931, and at the end of 1940 arrears amounted to $66.50 a share.

Net working capital at the end of 1914 increased to $417,648 from $376,612. Outstanding first mortgage bonds were reduced to $135,400 from $150,400. Bank loans at the end of the year amounted to $342,000, against $73,000 at the end of the preceding year. This increase was due to the discontinuance of the company's policy of discounting customers' paper.

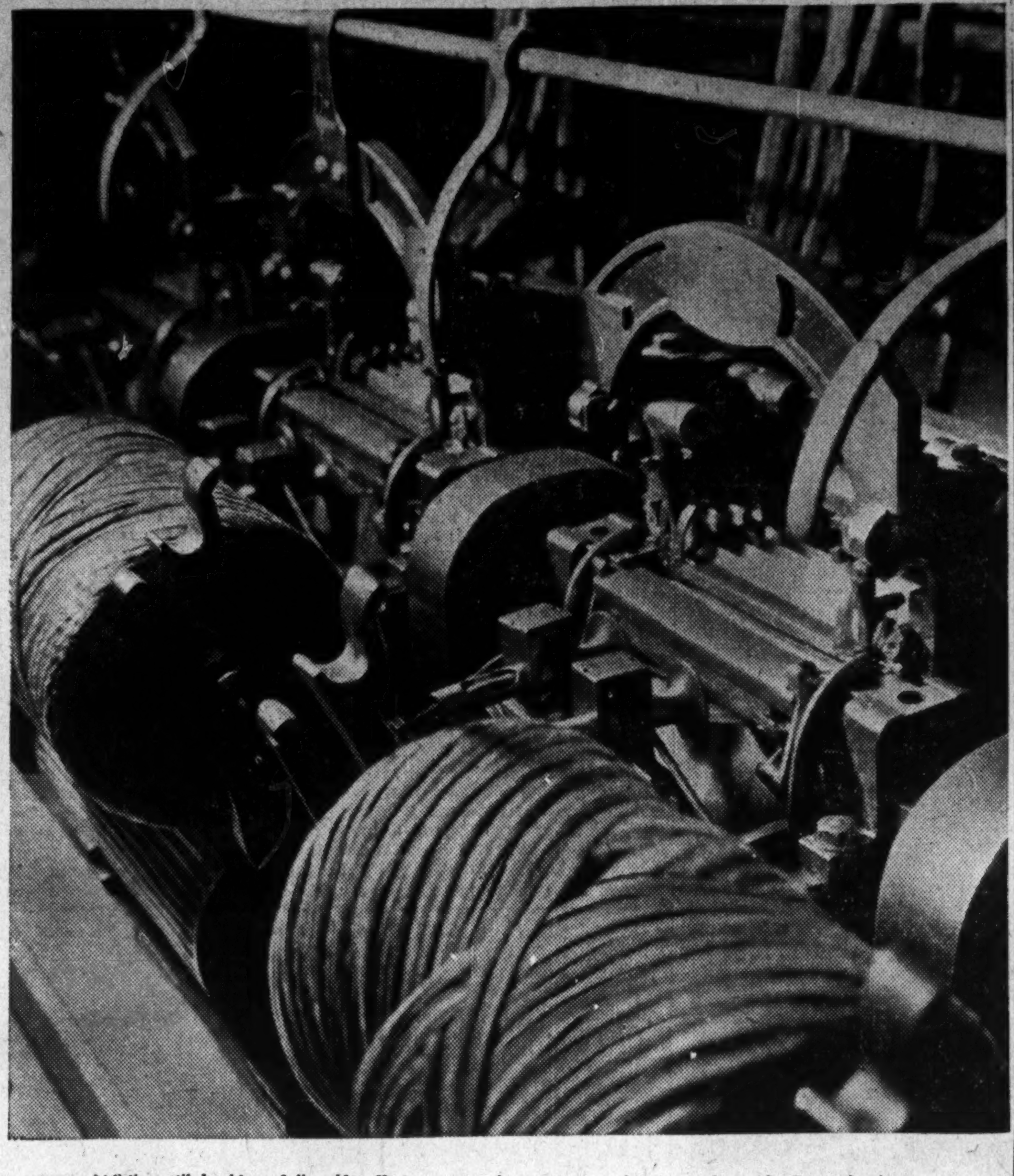
Woods Mfg.

Plant of Woods Mfg. Co. is particularly suited to production of war materials and as a result the company has received enough orders from the government to keep operating at capacity on bags, tents, burlap, tarpaulins, heavy clothing, and other war necessities.

The company is also maintaining its position in normal markets, W. A. Eden, president, stated in the 1940 annual report.

Operating income of the company more than doubled in 1940, increasing to almost $530,000 from $255,000. Net profit, however, dropped to about $56,000 from almost $100,000. The decrease was due to increased appropriations because of war conditions, including reserve for future depreciation and inventory values, amounting to $180,965. Income taxes increased from $40,000 in 1939 to $140,000. It was stated that increased depreciation provision was believed advisable in view of the high tempo of activity. This charge was shown at $119,096 in 1940, compared with $73,425 in the previous year.

The preferred stock showed earnings of $3.64 a share, compared with $6.48 in 1939. No dividends have been paid on the stock since Dec. 31, 1930, and arrears at the end of the year totalled $70 a share. Nothing has been earned on the common shares since 1929.



While still lacking full self-sufficiency in domestic production of wool, Canada has steadily improved its capacity for fabrication of yarns; a stage is illustrated above.

Converters

Bonds

	Rate Int. %	Maturity	Outstand. $	After Deprec. Times Int. Earned 1940	1939
Tooke Bros.:					
1st Mtge. S. F.	7	1942	135,400	5.28	1.12
Woods Manufacturing:					
1st Mtge., A	3½-4	1942-47	280,000	17.33	6.79
	4½	1952	260,000		

Stocks

	Outstand. $	Earned per Share 1940 $	1939 $	Div. Rate $	Price Range —1940-41— High	Low	Last Price	Yield %
Canadian Converters:								
Common, par $100	1,733,500	*3.28	*3.59	†1.50	19½	14	19	...
*Years ended Apr. 30, 1941 and 1940. †Paid in 1941 to date.								
Tooke Bros.:								
Pref. cum., par $100	985,000	2.65	0.01	nil	13	5	12	...
Common, n.p.v.	8,725 sh.	d4.92	d7.89	nil	3	1	1	...
Woods Manufacturing:								
Pref. cum., par $100	1,528,300	3.64	6.48	nil	70	30	50	...
Common, n.p.v.	17,106 sh.	d3.00	d0.47	nil	...	...	...	...

Courtaulds Ltd.

Position of Courtaulds (Canada) Ltd. in the Canadian textile field has been greatly strengthened by action of the Canadian Government in limiting the use of raw silk in the manufacture of hosiery and fabrics. As a result manufacturers must necessarily turn to the use of synthetic filaments of which this company is one of the Dominion's largest producers.

The change in respect to the use of raw silk found reflection in last year's operations when production of viscose yarn (rayon) at 12.6 million lb. set an all-time record. Of this quantity 10.7 million lbs. was shipped to other manufacturers and the balance retained in stock.

Add to Equipment

Consequent upon the expansion in demand for its product, the company last year installed 20 spinning frames in No. 4 unit of its Cornwall plant. This increased the number of machines in operation to 156 with an estimated annual output of 12 to 14 million lbs.

The programme of modernization undertaken in 1939 and 1940 was completed, with additions to hydroelectric sub-stations and new drying rooms.

While there is no Canadian investment interest in Courtaulds (Canada) Ltd., the company is a major factor in the Canadian textile industry. It is a wholly-owned subsidiary of a British organization of the same name.

Record Employment

Persons employed in Canada's textile plants on March 1 last numbered 134,149. This compares with 124,257 on the same date a year ago and with 103,741 at the beginning of the war.

Wage Rates Advanced

Basic wage rates have been increased nearly 10% in all textile mills since the war started. Working hours have been expanded 20 to 40% with corresponding increases in pay envelopes. Bonuses have been granted on the basis of a certain percentage of wages earned over 1939-1940 periods.

Cotton Fabrics Increase 45%

Cotton fabric production in Canada last year is estimated at 361,595,000 yds., compared with 242,620,000 yds. in 1939, an increase of nearly 45%. Grey fabric accounted for around one third of total production.

New Books . . .

The Coming New Tyranny

THE MANAGERIAL REVOLUTION. By James Burnham. Published by McClelland and Stewart, Toronto. Price $3.50.

Here is a coldly, analytical discussion of what is happening to our social and economic system, written by a man who seems indifferent to what is happening but thinks we ought to be aware of it. He sees the present war as a social revolution. When the war is over, Prof. Burnham contends, Capitalism will be through. But it will not be succeeded, he seeks to demonstrate, by Socialism or any of the other competitive "isms" on the market today. What is coming is the rule of "managers." The managers are that social class with a particular flair for running things and for getting themselves in a position to run things. The managers do not care who owns property so long as they control it.

The "managerial revolution" has already proceeded a long way, says this assistant professor of philosophy at New York University. Examples: the Nazis in Germany and the Communists in Russia. In one case private property is supposed to have been left undisturbed in the hands of capitalists; in the other case private property is supposed to have been wiped out. The effect is the same; no matter how property is owned it is run by a supreme inner clique of "managers," the Nazi bosses in Germany and the Red bosses in Russia. Another example: large American corporations where shareholding is so widely distributed that the owners really have nothing to say about how their enterprises are conducted; the corporations are run by the managers who perpetuate their power as a group. A still further example: modern government, wherein the influence of elected representatives is waning, while administrators, commissioners, civil servants, bureau heads, etc., make the laws that really count and more and more run the country.

Prof. Burnham displays an almost callous neutrality in his discussion. He uses such phrases as "bourgeois impotence" and "the Capitalists' loss of faith in themselves," but he is equally caustic about the theories of Socialism and Communism and he makes not the slightest pretence that the "managerial revolution" is going to be pleasant or desirable. He simply tells us it is coming. Its basis will be state ownership of the instruments of production but the form of ownership will not be important; what will count will be the rule of a class and the exploitation by this class of the multitude. To the reader who says "But this is tyranny, the people will not stand for it," Professor Burnham saves his grimmest comment. All history proves, he contends, that the mass of the people will think and act the way the class of the "managers" wants them to.

"The Managerial Revolution" thrusts with such rapier-like sharpness; it is so arrogant in its premises that it will annoy most readers. The average businessman will probably dismiss it as sheer, unadulterated "rot." A few readers may even treat it as a sly and Puckish joke, designed to arouse the intelligentsia to acute controversy over nothing at all. But whatever the reader thinks of it after he has read it, it is too sensational, too well argued, too thoroughly documented not to be read by every student of social and economic trends. Prof. Burnham may be 100% wrong—time alone will answer that—but in the meantime what he writes is terribly important.

What We Fight For

FOUNDATIONS OF VICTORY. By Lord Davies. Published by Collins, Toronto. Price 75 cents.

Lord Davies, former secretary to Lloyd George, and an indefatigable and provocative pamphleteer outlines his ideas of the elements of winning the war and the elements of winning the peace. He wants a supreme war council to wage war until a crushing victory over Hitler has been won. After the war he wants a British-American Commonwealth, a United States of Europe and an international police force to suppress war. He puts heavy emphasis on leadership as the determining factor in morale and leadership.

U. K. War Economics

AN OUTLINE OF WAR-TIME FINANCIAL CONTROL IN THE UNITED KINGDOM. By W. F. Crick. Published by the MacMillan Co. of Canada, Toronto. Price 18 cents.

The author of this little pamphlet outlines the measures taken by the British Government since the beginning of the war to control capital and credit, purchasing power abroad, conserving the nation's capital and keeping economic resources out of the hands of the enemy. There is a foreword by Sir Kingsley Wood,

American Celanese Earnings at Record

Earnings of Celanese Corp. of America in April and May, after all charges and taxes, except "excess" profits tax, are estimated at $2.1 millions by Dr. Camille Dreyfus, president. This compares with $1.6 million in the first quarter of the current year. The second quarter, including the two months mentioned and June, is expected to be the best month in the company's history. Prospects for the balance of the year are considered excellent.

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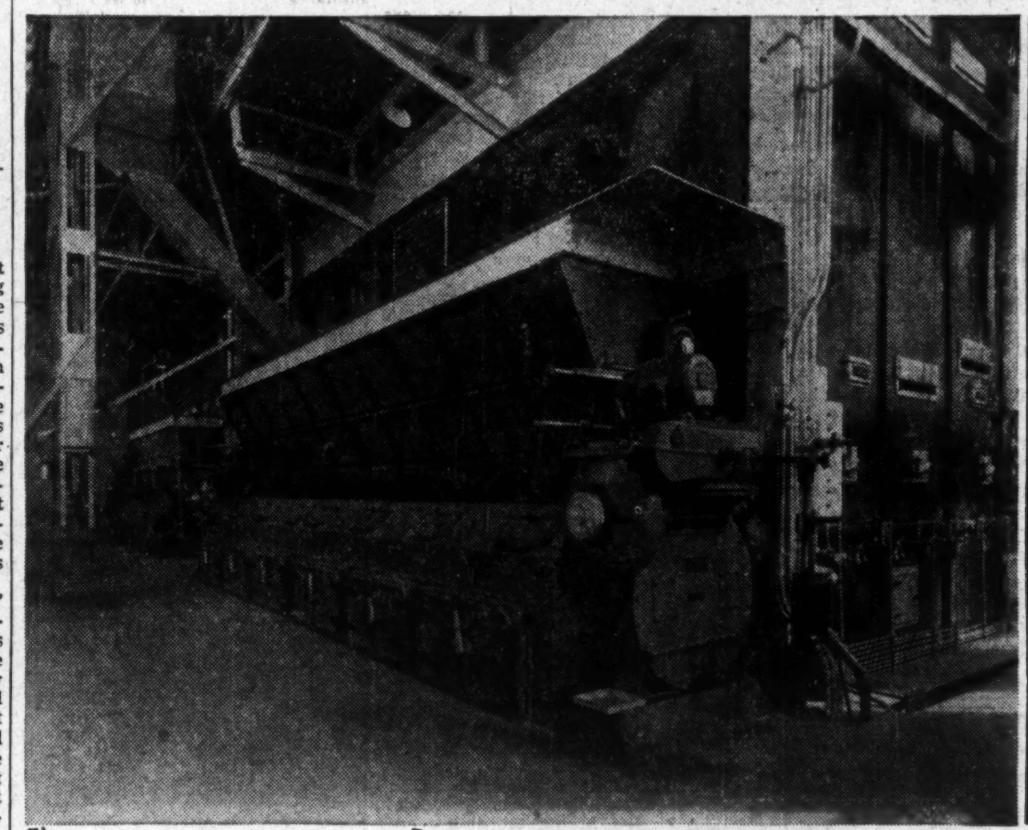
REPEAT ORDER for BABCOCK EQUIPMENTS

BABCOCK Travelling Grate Stoker under a four drum Stirling Boiler at plant owned by City of Edmonton. Photograph taken April, 1939.

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EFFICIENTLY

You are invited to make free use of our extensive background of steam-making experience when you are contemplating economies of any kind in your boiler room.

The equipment shown above has given such satisfaction that the City of Edmonton has placed a repeat order for another Stirling Bent Tube Boiler, containing 21,784 square feet of heating surface and having a steaming capacity of 155,000 pounds per hour. It is to be equipped with vertical Air Heater, also Superheater to give total temperature of 750° F. at 415 lbs. outlet pressure. The unit has water-cooled side walls and bridge wall, steel encased.

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A Duplex design of Forced and Induced Draft fans is included for the new unit, driven by a 300 h.p. motor or alternatively driven by a BABCOCK Steam Turbine through a reduction gear, speed variation being obtained by the use of Hydraulic Coupling.

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Insurance

Mortgage Insurance Protects the Home

Ordinary Policy Lifts Burden From Family if Owner Dies—Endowment Provides Fund For Maturity if He Lives

Many people who are earning more money under war conditions than they did previously are buying homes. They feel that they can make good use of at least part of their war wages by providing this way for the future of themselves and their families.

There are thousands of such home owners in Canada, but few of them have been able to pay for their houses outright, at the beginning at any rate.

They have raised the money required by mortgage. This mortgage is a debt which has to be cleared off before they own their home entirely. It has been contracted on the assumption that the owner of the home will live to pay it off.

But if he should not live to pay it off, his family would be burdened with a heavy debt on the home, which might cause a great deal of hardship. To protect their family against such an eventuality and to safeguard the investment, many householders take out what is often called mortgage insurance.

This is simply one of the ordinary types of life insurance. But it is specially earmarked for the specific purpose of meeting the mortgage payments as they come due, if the owner should die.

Kinds of Mortgages

There are a number of different types of mortgage in common use and often the kind of mortgage determines the type of life insurance policy the home owner buys to take care of his particular needs.

One kind of mortgage is where a regular payment including interest and part of the principal is to be made at stated intervals, say the end of the quarter, the six months or the year. These payments are so calculated that if all payments are met as they come due, at the end of the mortgage term, all payments of principal and interest have been met and the buyer owns his home entirely.

Another type of mortgage is one in which, while the payments made at stated intervals include part of the principal as well as the interest, the bulk of the principal is not payable until the end of the mortgage term, when it has to be paid off in a lump sum.

Yet another type is where the entire principal is left to be paid off at the end of a stated period, the buyer of the house having to meet only the interest year by year in the interim.

Plans to Meet Payments

No matter which type of mortgage the buyer may have, he usually makes his plans to meet the payments as they come due.

But the possibility he may die before he pays off the entire mortgage is always before him.

To meet such contingencies he adapts his insurance to meet the possibilities. Sometimes he may find additional insurance desirable. Sometimes it may only require a rearrangement of existing policies.

Where he has one of the first two types of mortgage he would probably take a whole life policy which he can buy at a relatively low cost. This kind of policy also builds up a cash value which can be withdrawn in case of emergency.

Endowment Policy

But if payment of the whole or a large part of the principal is deferred to the end of the mortgage period, many people prefer an endowment policy. It gives the family protection in the meantime and builds up a stated sum to meet the mortgage.

Term insurance is often useful in such cases, giving protection for a stated term at a low rate. It has, of course, the disadvantage that it has no cash value.

In any case the existence of a mortgage on the home is a factor taken into consideration by most men in buying insurance, so that the total amount will be sufficient to take care of the needs.

Insurance Notes

At the annual meeting of the Fire Underwriters' Investigation Bureau in Montreal, the president, W. E. Baldwin, stated the present membership of 220 companies was the highest in the bureau's history. The bureau is an organization sponsored by the insurance companies which investigates fires in which the companies are interested where arson may be suspected. It also co-operates with the police in tracing down people who have records of causing incendiary fires.

Officers for the coming year were elected as follows:

W. E. BALDWIN, America Fore group, Montreal, president.
O. W. DETTMERS, Cornhill, Montreal, vice-president.
R. H. L. MASSIE, Dominion Fire, Toronto, vice-president.

Members of Executive

A. McBRIDE, Great American, Montreal.
F. J. FLANAGAN, Alliance of London, Montreal.
I. E. SAMS, Mill Owners Mutual of Iowa, Hamilton.
A. HURRY, Northern Assurance, Montreal.
J. A. BLONDEAU, Fire Insurance Co. of Canada, Montreal.
F. E. DUFTY, Yorkshire, Montreal.
E. CREVIER, Provident Assurance, Montreal.
R. H. LECKEY, Aetna Insurance, Toronto.
C. M. VANSTONE, Wawanesa Mutual, Wawanesa, Man.
A. C. HALL, Commercial Union Montreal.
KENNETH THOM, Western Assurance, Toronto.
WM. Lawrie, Phoenix of London, Montreal.

* * *

Automobile accidents in Quebec province in March were 762, compared with 572 in the same month last year. In both years approximately 60% of the accidents occurred in the daytime. More than 71% of all accidents occurred in the Montreal Island district. The only area to show a decline from 1940 was that around Sherbrooke, where the number was 15 against 19 in 1940.

There were nine persons killed in March, 1941, compared with 13 in March, last year, while 353 were injured, compared with 234. More pleasure cars were involved in accidents than all other types of vehicles put together. Trucks came next and taxicabs third. In 414 cases the driver of one of the cars involved was responsible for the accident, pedestrians in 141 and road conditions in 132.

Insurance Report

Commercial Union

Net premiums of the Commercial Union Assurance Co. in 1940 amounted to $71.5 millions, an increase of $6.3 millions over the previous year, according to the annual statement recently issued (£1 being taken equal to $5).

The net fire premiums were $27.5 millions, while claims paid and outstanding amounted to $13 millions. The result was that $750,000 was transferred to profit and loss account.

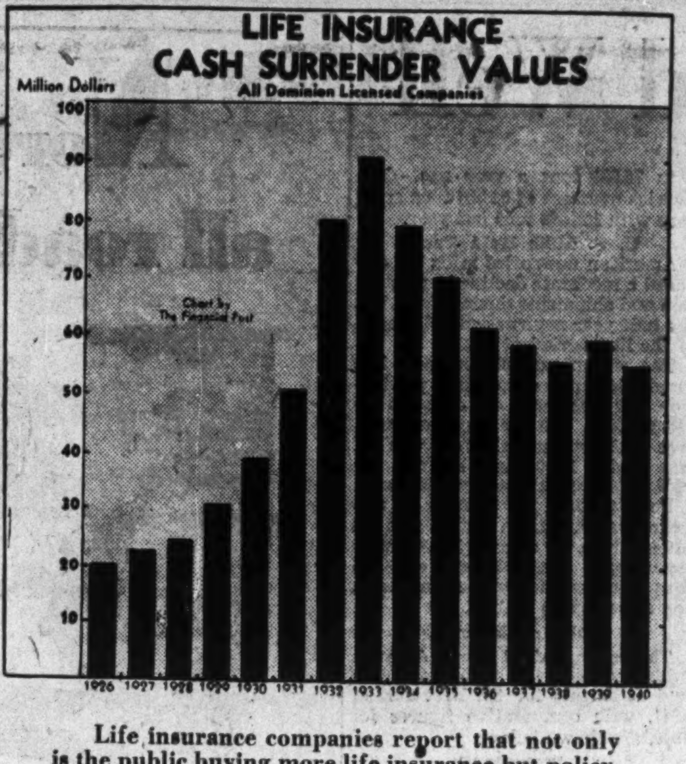
Net premiums of the marine departments were over $6.5 millions. Claims paid and outstanding were over $3.5 millions and $750,000 was carried to profit and loss.

In the accident department net premiums amounted to $37.5 millions. Claims paid or provided for were over $19.5 millions and $3.2 millions was carried forward to profit and loss.

The new business in the life department consisted of 4,116 new policies for a total of $15 millions. Death claims were over $8 millions. The life insurance fund during the year was increased by $3.5 millions to over $144 millions.

Total assets according to the consolidated balance sheet were over $362 millions.

The Commercial Union operates in Canada with its affiliates under the management of A. C. B. Hall, with head office at Montreal. It began business here in 1863. It has on deposit with the Receiver-General for Canada for the sole protection of Canadian policyholders, securities with a market value of over $1 million.



Life insurance companies report that not only is the public buying more life insurance but policyholders are showing anxiety to keep the insurance they already hold. The number and value of policies being surrendered is the lowest in years. The chart shows how the value of life insurance policies surrendered for cash decreased in 1940. At $53.4 millions it was the lowest since 1931 just before the worst effects of the depression were starting to be felt. The downward tendency has been well maintained in the first half of 1941, according to preliminary estimates.

Ontario Fire Losses Rise

Increase Shown in Second Quarter

Fire losses in Ontario for the second quarter of 1941 showed an increase over the same period of last year, in both number and total monetary loss. The insurance loss (the loss covered by insurance), however, was slightly lower, according to the quarterly report of the Ontario Fire Marshal.

Large fires during the period included a hardware store at Orillia with a loss of $68,678, and a church at Sault Ste. Marie valued at $101,100.

While fire losses for the second quarter were higher than last year, those for the first quarter were lower. The result was the totals for the first six months of 1941 were under those of a year ago.

Comparative figures for the second quarter and the first six months follow:

	Second Quarter 1941	1940
No. of fires	4,567	4,056
Total loss	$1,891,844	$1,747,982
Insurance loss	$1,546,896	$1,555,394
	First Half Year 1941	**1940**
No. of fires	7,997	8,934
Total loss	$3,899,530	$4,622,553
Insurance loss	$3,287,559	$4,009,161

Fires in industrial buildings during the quarter totalled 106, valued at $275,837 against 88 valued at $199,273 in the previous quarter. Industrial fires for the six months numbered 194, or more than half the total of 299 for the entire year 1940. The monetary loss for the six months was $475,110 against $1.2 million for the whole of 1940.

During the first six months of 1941 no cases of sabotage or attempted sabotage in industrial fires in Ontario were disclosed.

There were, however, 18 criminal cases laid against individuals for fire crimes. Classification of fires in the second quarter follows:

Classification of Property

	Fires
Brick dwellings, prot.	1,483
Frame dwellings, prot.	1,293
Brick dwellings, unprot.	32
Frame dwellings, unprot.	246
Other dwellings & farm risks	434
Other 2 or 3 year risks	253
Mercanitle risks, wholesale	27
Mercantile risks, retail	233
Other mercantile risks	26
Breweries & malt houses	...
Boot & shoe factories	...
Canning factories	...
Conf. & biscuit factories	1
Flour & oatmeal mills	8
Grain elevators	1
Laundries	23
Sawmills	6
Lumber mills	2
Machine shops & metal works	40
Mining risks	9
Pork packing & curing houses	5
Pulp & paper mills	2
Street car barns	...
Tanneries	...
Woodworking factories	21
Woollen & knitting mills	1
Other mfg. risks	59
Other 1 year & short term risks	294
Sprinklered risks, all classes	44
	4,541

Classification of Causes

	Fires
Chimneys, flues, etc.	271
Stoves, furnaces, etc.	394
Hot ashes, coals, etc.	285
Sparks on roofs	314
Exposure fires	23
Smoking	1,104
Matches	289
Lights (other than electric)	89
Electricity	368
Lightning:	
Unrodded bldgs.	101
Rodded since 1922	2
Spontaneous combustion:	
In barns	1
All others	31
Petroleum and products	105
Incendiarism	15
Miscellaneous	417
Losses under supplemental contracts	1
Unknown	731
	4,541

Bank Chat

More Advertising Urged

The value of saving in wartime is being appreciated in the United States as well as Canada by people connected with savings associations such as banks and trust companies. George Dock, Jr., New York public relations counsel, in a public statement, recently, advocated increased advertising to induce people to save. Thrift and saving may have a tough struggle for survival, he said, but exponents of personal thrift should stand shoulder to shoulder in using sound public relations to preserve the saving tradition. A. D. Theobald, vice-president of the United States savings and loan league and a member of the faculty of Northwestern University, saw increased saving as doing two important things:

Lessening the danger of an inflationary spiral as the armament effort approaches new magnitudes.

Providing a cushion of purchasing power after the war when it will be most needed to prevent the deflationary period .

* * *

Fewer Men in Banks

Canadian chartered banks are finding it increasingly hard to get young men for their staffs.

Two main reasons are given for this: the lure of the armed forces and the attraction of munitions plants where the scale of wages is higher than that of the banks.

Young men already in the banks are leaving to join the different services. Youths, leaving school, hearing of the big wages paid in industrial plants, feel that as they will be going in one of the services ultimately, they might as well make as much money as they can in the interval and so enter the munitions works.

Girls are being taken on in ever-growing numbers to make good the shortage of help. Many married women, who before marriage worked in a bank, are being re-engaged. They have the experience and pick up the work again more quickly than entirely new girls. Practically all are being engaged on the understanding their job is only for the duration of the war. Men leaving the banks are given leave of absence and their job is open to them when they come back. Consequently women being taken on now are employed on a temporary basis only.

Investments Lower At Bank of Canada

Sterling Reserves Also Decline — Note Circulation Up $14 Millions

A decline of $6.7 millions in total investments is shown in the statement of the Bank of Canada for the week ended July 9. Holdings of sterling and United States exchange, and of subsidiary coinage, were also lower, while miscellaneous assets also decreased. The net result was a drop of $11.4 millions in total assets of the bank.

These changes were offset on the liability side by decreases in the deposits of the Dominion Government and the chartered banks. Note circulation rose $4.5 millions, more money being required for business, payment of men in the training camps and new recruits in the army.

	July 9 1941 $	July 2 1941 $
Liabilities		
Capital paid-up	5,000,000	5,000,000
Notes in circ.	400,459,371	395,940,910
Rest fund	3,722,910	3,722,910
Depos.: Dominion	22,346,064	33,806,744
Banks	205,076,778	208,131,856
Other	10,267,401	9,398,938
Total deposits	237,690,243	251,337,538
All other liabs.	6,102,972	8,581,980
Total liabs.	652,975,496	664,582,685
Assets		
In sterl. & U. S.	308,368	490,818
Subsid. coin	569,573	652,127
Advances	3,250,000	3,250,000
Investments:		
Dom. govt. short	506,898,691	513,334,700
Other Dom. govt.	132,133,739	132,359,912
Total invest.	639,032,430	645,730,612
Premises	1,783,305	1,782,937
All other assets	8,031,820	12,676,191
	652,975,496	664,582,685

Banking

Must Money be Spent To Start Inflation?

Volume of Money Created Secondary Factor Unless it Circulates, Declares London Economist Article on Britain's Wartime Outlook

Inflation depends more on the volume of money being spent than on the volume of money in existence, concludes a writer in a recent issue of The London Economist after studying the present situation in Britain.

He finds a definite trend in monetary thought away from the classical quantity theory of money.

This theory is that prices depend on the volume of money in existence. The argument is that values are determined by the old law of supply and demand. When the volume of money increases, while the supply of goods which can be bought for it remains constant, there is a rise in prices.

The writer of the article, however, finds actual volume of money in existence a secondary influence.

Under the controls of wartime he sees little danger of inflation. But this danger, he thinks, may be very real in the immediate post-war period.

By money he evidently means bank deposits and credit as well as actual currency.

In Britain

Chief argument advanced for the theory that prices depend on the volume of money spent, rather than on volume in existence, is this: In Britain, under present conditions, the volume of all kinds of money is being steadily expanded without inflation. In the last 12 months, the Economist writer says, bank credit created and lent to the banks has averaged $165 millions a month. Bank deposits have increased 17% in the year and notes in circulation by 10%.

The writer of the article points out that the Chancellor of the Exchequer of the United Kingdom and his expert advisers have declared there is no monetary inflation. Even the sceptics who dissent from this view are quoted as admitting the degree of inflation is small.

This condition the writer describes as a paradox, one that adherents of the old-fashioned quantity of money theory would find it impossible to resolve. "Money is being created out of nothing and spent. Why is there no inflation?" he asks.

Smaller Rate of Increase

The article notes that one of the peculiarities in the present situation is that the amount of money being spent has not increased in any proportion to the increase in the volume of money in existence. As evidence, he states the average daily turnover of money in 10 provincial clearing centres in the first 23 weeks of 1941 was no higher than in the corresponding period of 1940.

The velocity of circulation is going down as rapidly as the quantity of money goes up, he argues. There is little or no inflation because, in spite of the greater volume of money at their disposal, people have spent no more or only slightly more than before the war. The Government and the public between them are spending no more or not much more than the value at present prices of the goods and services available for consumption.

Money accordingly is accumulating. Employment is fuller. People are earning more. Yet supplies are rationed. Thus more currency is being immobilized in the pockets of the individual. Business firms are building up bank balances as stock in trade falls. These balances the article describes as stagnant pools of money which are being spent by neither the public nor the Government.

Must Create Credit

As the Government has not taken, either by taxation or borrowing, all the money the public is not spending, it is necessary, the writer claims, to create each month large amounts of bank credit to be lent to the Government.

This fresh credit being created takes the place of the immobilized money. But instead of increasing the amount of spending, it just prevents it decreasing.

"To create credit in these circumstances," the article says, "is not inflationary; it is a perfectly proper proceeding. Indeed, to fail to do so would be to refuse the Government access to resources of labor and materials, not because they are not available for use but simply because the monetary tickets to these resources had got mislaid somewhere in the process of circulation."

Threat for Future

But although there may be no inflation now, he sees the increase in the volume of money as holding a threat for the post-war period. He quotes history to show that it is difficult to destroy money once it is created. In the deflation of the early twenties, he states, about 2s. 10½d. of every £1 created between 1913 and 1921 was destroyed. After this war it will be the universal tendency to avoid such deflation.

From this, he assumes, the money now being created is here to stay. Accordingly if after the war the velocity of circulation increases, the volume of spending will go up. Prices will rise and inflation will appear.

Volume of spending, he declares, is the crux of the whole matter on which the level of prices and the trade cycle depend. The quantity of money, he finds, is relevant only in so far as it influences spending and its influence is indirect and haphazard.

Causes of Spending

Forces making for increased spending in the post-war period are cited in the article as:

Desire of business firms to make good depreciation of their plants.

Desire of merchants to rebuild stocks.

Demand of the public for new clothes, furniture, automobiles, etc.

The desire to spend will be influenced no more by the realization that large quantities of money have been created than if the increase were entirely due to large borrowings from the public. Few people will worry about the form in which the money is held.

The writer concludes that:

1. It is possible to finance a war by large-scale creations of money without the process being inevitably inflationary.

2. A post-war tendency to inflation is highly probable, even if the creation of credit stops dead on the day of the armistice.

The volume of expenditure is the fundamental thing to be watched, volume of credit being a secondary matter.

Insurance Problems

Annuities and Income Tax

What is the situation regarding income tax on Government annuities. How does this compare with that of insurance company and other annuities?

—

Government annuities under contracts entered into before May 26, 1932, are exempt up to $5,000 a year; under contracts entered into between May 26, 1932 and June 25, 1940, up to $1,200 a year. The regulations provide that these amounts must be actually specified in the contract or if the original amount was increased under an option, the additional premiums must have been paid before the dates mentioned. This exemption is also allowed on similar annuity contracts issued by a provincial government or an insurance company. In the case of the latter the income tax authorities would probably want to see the contract or at least be informed of the particulars and the conditions under which it was written.

Weekly Bank Clearings

	July 10 1941 $	Change year ago %	July 3 1941 $
Halifax	3,535,870	+8.8	3,407,123
Saint John	1,988,187	+0.8	2,198,569
Moncton	944,673	—9.8	994,488
Sherbrooke	850,086	+4.7	640,698
Quebec	5,803,704	+14.8	5,684,461
Montreal	108,168,920	+14.6	107,279,172
Ottawa	66,166,682	+63.4	62,548,222
Kingston	811,807	+11.6	695,998
Peterborough	689,507	+5.1	736,278
Toronto	119,496,955	+35.9	117,153,774
Hamilton	6,941,687	+30.3	7,036,517
Kitchener	1,200,843	+12.0	1,136,263
Brantford	1,158,041	+10.0	1,243,327
London	2,896,764	+11.3	2,898,280
Chatham	762,472	+25.2	778,438
Windsor	3,384,837	+38.6	3,904,267
Sarnia	540,320	+6.2	465,927
Sudbury	1,129,136	+4.1	1,209,439
St. Catharines	1,448,442	....	1,340,525
Fort William	996,665	+13.9	1,282,026
Winnipeg	63,717,978	+45.9	63,361,386
Brandon	451,082	+13.1	459,964
Regina	4,624,490	+13.5	5,368,227
Moose Jaw	694,432	+33.5	630,750
Saskatoon	1,401,526	+0.06	1,752,562
Prince Albert	396,952	+19.8	431,494
Edmonton	5,109,457	+22.8	5,319,856
Lethbridge	536,776	+19.4	572,546
Medicine Hat	365,537	+72.0	325,757
N. W'minster	879,172	+18.7	929,427
Vancouver	19,049,095	+19.3	20,549,802
Victoria	2,163,069	+19.7	2,170,280
Calgary	5,779,091	+22.9	7,066,384

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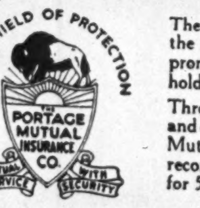
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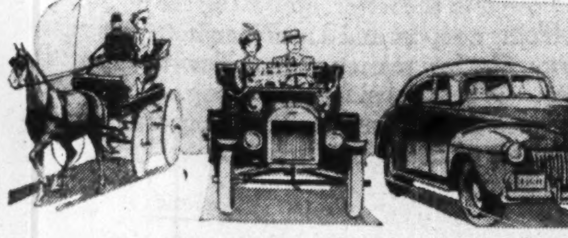
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Newsprint Returns Hold Well

But Shipments Ease Slightly In First Six Months of 1941

From Our Own Correspondent

MONTREAL.—With half the year gone, Canada's newsprint industry has produced and shipped almost the same quantity as in the first six months of 1940, which was the second best showing ever made by the industry.

Between January and June this year mills in this country turned out 1,621,134 tons. This compares with 1,641,987 tons in the like period a year ago, a drop of only 20,000-odd tons.

Shipments for the first half of 1941 totalled 1,607,607 tons, as against 1,630,920 tons to the end of June, 1940.

Expect Small Decline

Figures released by the News Print Service Bureau and the News Print Association of Canada indicate at this juncture that the returns for all of 1941 will not be as great as in 1940. This is in line with estimates made at the beginning of the year by the Association and private interests.

Prospects at the time were that while demand from the United States would show a small increase, sales in overseas countries, particularly to the United Kingdom and Australasia, would be off.

May-June Drop

Returns for the past two months reveal that expectations are being realized.

During May and June Canadian newsprint production amounted to 558,464 tons, a drop of 80,442 tons from the like period of 1940. Shipments also fell off, decline amounting to 99,932 tons during the May-June 1941 period.

An analysis of shipments for the two months show that domestic deliveries were 4,277 tons greater this year.

On the other hand deliveries to American publishers declined 28,599 tons and to overseas customers, 65,610 tons. The drop in deliveries to the States has no particular significance and is explained by the fact that equalization of monthly deliveries to U. S. publishers has evened out shipments. Thus, in the fall and late months of 1941 deliveries to the U. S. should compare more than favorably with those of a year ago, when there was the usual seasonal stocking up in anticipation of the closing of navigation.

June a Good Month

Canadian returns for June show production at 273,697 tons, as against 284,767 tons in the previous month and with 315,343 tons in June, 1940.

Shipments from Canadian mills last month were somewhat better, totalling 281,843 tons, a drop of less than 3,000 tons from the preceding month, but nearly 47,000 tons under the figure reported for June, 1940.

Details of shipments from Canadian mills during June are interesting, in that they reflect the tightness of ocean shipping space. Deliveries to Canadian publishers remained much the same. Those to the United States totalled 231,583 tons, as against 241,437 tons in May and 253,390 tons in June, 1940.

Trade with overseas countries recorded the greatest change, shipments last month amounting to 34,115 tons. This is the second lowest monthly figure recorded in more than a year. It was about 1,500 tons more than in May and just one half of that exported in June last year.

Newfoundland Expands

Newfoundland's two newsprint mills have made a good showing this year.

For the first six months of 1941 they produced 174,245 tons. This compares with 170,034 tons for the like period of 1940.

Shipments held up well under last year's returns, having amounted to 158,919 tons and 182,835 tons. The drop was due entirely to the lower demand for newsprint from United Kingdom publishers, who have considerably curtailed their consumption of newsprint.

Island Bettering Position

Highlight of the Newfoundland returns is that their situation appears to be improving rather than easing off as is the case with the Canadian mills.

Production during June — 29,603 tons—is the second highest monthly total this year and well above the monthly average of recent years.

Shipments in June of 32,225 tons were the highest of any month since July, 1940, and reflect availability of shipping space.

More to U. S.

Deliveries to the United States, amounting to 22,871 tons, were the second largest of any month on record. While shipments overseas improved from 5,905 tons in May to 9,289 tons in June, the latter figure compares with 19,916 tons in June, 1940.

For the first half of the year Newfoundland shipped 105,068 tons of paper to the United States, compared with 76,031 tons a year ago. Deliveries overseas at 53,526 tons compare with 106,429 tons last year.

U. S. Mills Hold Pace

American newsprint mills experienced a moderate decline in production and shipments during June, but the half year returns are still ahead of the like period of 1940.

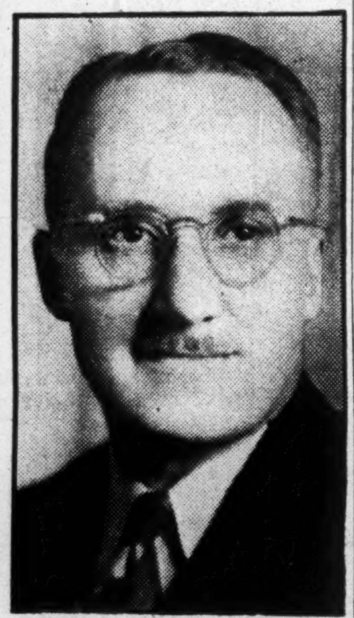
The output of 83,962 tons last month brought cumulative production for the year to date up to 518,093 tons. On the June comparative basis, output this year was off just under 1,000 tons, but for the half year was up nearly 8,000 tons.

For the first six months of this year the American mills shipped 519,485 tons, as against 507,379 tons a year ago. June deliveries of 85,485 tons were practically the same as in the same month of 1940.

Half Year Record

The returns of all North America mills, by countries, as to production and shipments for the first half of 1941, with comparative figures for 1940, are shown below:

Production, First Six Months	1941 tons	1940 tons
Canada	1,621,134	1,641,987
Newfoundland	174,245	170,034
United States	518,095	511,970
Total	2,313,474	2,323,991
Shipments		
Canada	1,607,607	1,630,920
Newfoundland	158,919	182,835
United States	519,485	507,379
Total	2,286,011	2,321,134



S. M. FOR NORTON

Donald M. Chisholm, who has just been appointed sales manager of the Norton Company of Canada Ltd., Hamilton. Mr. Chisholm was born in Kemptville and educated in Montreal. In 1922 he joined Price Bros. & Co. Ltd. in the technical department of their Kenogami paper mills. There he specialized in the manufacture of mechanical pulp and worked in various departments on the manufacture of pulp and paper. In 1929 Mr. Chisholm joined the Norton Company, Worcester, Mass., as pulpstone representative, and visited paper mills throughout United States and Canada, as well as Newfoundland.

Clear Abitibi Bond Payment

Official Ruling Exempts Pending Distribution From Income Tax Levy

Ruling by the Dominion Income Tax Branch exempts the coming payment on Abitibi Power & Paper Co. bonds from income tax, The Financial Post is informed.

Another question holding up actual payment of the cash is whether the Foreign Exchange Control Board will allow that bondholders in the United States or other non-residents exchange for their cheques. This is not yet definitely settled but the bondholders' committee is satisfied that U. S. dollars can be purchased in the ordinary way.

It would probably be done by issuing special cheques to American holders of Abitibi bonds, with a notation that the Canadian funds could be converted at official exchange rates.

The point at question here is apparently to decide whether or not the F. E. C. B. will regard this payment as an export of capital, something which the Board does not permit. The alternative is to regard this as in effect payment of a bond at maturity to foreign holders, something which has so far been allowed.

These two points have been delaying actual payment of the cash since it was authorized by Ontario courts some weeks ago. In the meantime certain technical details have been cleared up, or will be soon. An order of the Master of the Ontario Supreme Court will probably be required to fix the final date of payment.

It is pointed out that this is only an interim payment. The exact amount of the deduction from the principal of the bonds will only be settled when the final payment is made and the question of payment of U. S. funds is settled. The fact that this payment is being made in Canadian funds is not taken to mean that bondholders are surrendering their claims to payment in U. S. funds.

U. S. Paper Industry Sets Record Output Mark

American paper industry reports new orders have picked up sharply after the let-down at the end of May and are now running at about as high a level as has been reached this year.

With volume of new business continuing well in excess of production, the industry now has a backlog equal to nearly one month's production.

Newsprint Mills Reduce Stocks

From Our Own Correspondent

MONTREAL. — Stocks of all North America newsprint manufacturers were reduced by 12,230 tons during June and amounted to 253,123 tons at the end of the month, according to the Newsprint Association of Canada. In the more significant comparison with June 30, 1940, stocks on hand show a drop of 37,733 tons.

The position of stocks at the end of June, 1941 and 1940, by countries:

	End of June 1941 tons	End of June 1940 tons
Canada	165,898	180,569
Newfoundland	12,065	17,543
United States	75,160	92,744
Total	253,123	290,856

U. S. Paperboard Orders Hit Peak

Backlog at End of May Highest in Industry's History

From Our Own Correspondent

MONTREAL. — Production of paperbroad in the United States for May, 1941, amounted to 526,286 tons, or 89.4% of the rated capacity of the mills reporting. This contrasts with 499,930 tons in April and 470,244 tons in May, 1939.

Output of paperboard in the first five months was 2,385,372 tons, against 2,125,597 tons in the like period last year.

New orders received during May amounted to 572,522 tons, resulting in a rise of unfilled orders to 370,151 tons at the end of May. This was the fifth consecutive rise in unfilled orders and puts them far above any previous figure. The rush of buying in September, 1939, put unfilled orders up to 290,467 tons at the end of that month, while the high point reached in the NRA buying spurt in 1933 was only 144,307 tons at the end of June in that year.

Powell River Co. Adding to Mill

Addition Expected to Bring in $3.7 Millions U. S. Funds

From Our Own Correspondent

MONTREAL.—Powell River Co. has undertaken construction of an addition to its sulphite pulp mill at Powell River, B.C., at an estimated outlay of $1 million.

"The extension," company officials announce, "will enable the company to bring its production of high grade pulp up to 100 tons per day. The bulk of this new product will be exported to the United States."

The announcement followed advices from Ottawa that the Dominion Government has allowed the company special depreciation allowances for two years, during which time, it is estimated, $3,750,000 of United States money will come into Canada through the increased pulp export.

Price of Roto Paper Boosted $5 a Ton

U. S. prices of rotogravure paper were increased $5 a tons beginning July 1. Notice to this effect has been given to its customers by Kimberley-Clark Corp. and follows similar action taken by International Paper Co.

Several American newspapers report that in view of the large losses in rotogravure advertising linage, they are considering dropping their roto sections or substituting some other section carrying pictures on newsprint or other than roto grades.

U. S. Publishers Hold 300,000 Tons

Stocks of paper with U. S. publishers at the end of May were the highest reported at that date for several years. According to the American Pulp and Paper Association, stocks at the close of last month aggregated 303,578 tons, or 36 days' supply.

At the end of May 1940 publishers' stocks totalled 290,518 tons, or 35 days' supply, and on the same date in 1939 totalled 268,364 tons, or 36 days' supply. The fact that there was no material change in days' supply is due to the increased rate of consumption.

Level of Operation Up for Paper Mills

Seasonal Gain Noted But Returns Below Those of 1940

From Our Own Correspondent

MONTREAL.—In actual volume both production and shipments of Canadian newsprint paper declined during June compared with the previous month. However, when adjustment is made for the shorter month, the returns for June were on a better basis.

During the month production was equivalent to 77.9% of capacity. This compares with 75.1% in May and with 89.5% in June, 1940.

Shipments at 80.3% of capacity last month contrasted with 76.8% in May and with 96.1% in June last year.

Here is the monthly trend of production and shipments.

	Output 1941	Output 1940	Shipments 1941	Shipments 1940
	% of Capacity			
Jan.	71.5	68.5	66.6	66.7
Feb.	72.9	65.8	71.1	60.0
Mar.	75.5	68.6	72.8	64.2
Apr.	76.7	73.4	78.2	72.9
May	75.1	85.1	76.8	87.9
June	77.9	89.5	80.3	96.1
July		90.8		92.1
Aug.		83.2		87.3
Sept.		83.5		84.0
Oct.		81.5		75.7
Nov.		77.5		78.3
Dec.		71.8		78.5

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all roads lead to *the pause that refreshes*

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Today, more than ever, a needed pause for refreshment takes on the significance of a pleasant essential to a people intensely at work . . . and *the pause that refreshes* with ice-cold "Coca-Cola" is doing that job everywhere, every day.

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